



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

**Internal Audit Follow-up Report  
Transportation Department Disbursements & Expenditure Monitoring**

Issue Date: June 16, 2015



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## Internal Audit Follow-up Report Transportation Department Disbursements & Expenditure Monitoring

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### Background

On March 19, 2013, the Office of Internal Audit issued an audit report on the Transportation Department Disbursements & Expenditure Monitoring 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 on the Transportation Department Disbursement & Expenditure Monitoring. 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 March 19, 2013 audit report, which contained nineteen recommendations for the District to implement.

Of the nineteen recommendations included in the initial report, eight of them were related to the District's vehicle fleet operations. In October 2014, the District implemented operational changes to its vehicle fleet operations and created a Fleet Analyst position, which falls under the Assistant Superintendent of Operations. Due to these changes, we will perform an independent follow-up audit of the District's vehicle fleet operations to assess the status of corrective actions taken in response to the prior audit findings. This report is limited to non-fleet related recommendations.

### 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.



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### Results

Our initial report dated March 19, 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 Transportation Department implemented corrective actions sufficient to address ten of the eleven non-fleet related issues in the 2013 report. The recurring item is presented on the following pages of this report.

*Andrew Medina*

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



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### Findings and Recommendations

#### 1) Fuel Reconciliation

As part of its corrective action plan, the Transportation Department completed periodic fuel inventories and implemented a monthly reconciliation process to verify the reasonableness of fuel usage and purchases. Although this process is an improvement over our initial audit finding, we noted the following discrepancies:

- Daily and monthly physical fuel inventory counts did not always agree to calculated fuel inventory balances.
- Daily and monthly calculated fuel inventory ending balances did not always agree to subsequent beginning balances.
- Fuel purchases noted on the reconciliations did not always agree to source documentation (fuel purchase invoices).
- Fuel inventory counts did not always agree to source documentation (daily count logs).
- Variances were not always investigated and/or explained.

#### Recommendations

We recommend the Transportation Department enhance their monthly reconciliation process to include the following:

- Monitor the daily and monthly beginning and ending fund balances to ensure they carry forward properly.
- Ensure that actual fuel purchases are included on the reconciliation.
- Investigate all significant variances and maintain supporting documentation evidencing the investigation.



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### Management Response

#### Response Received from the Transportation Department

*The Transportation Department concurs with the findings and recommendations related to fuel reconciliation. Bus fuel usage and tank level recording is currently a manual process which lends itself to variances. Transportation has made improvements in monitoring fuel usage, however inconsistencies remain. Transportation will develop and establish stronger controls and possibly an electronic solution to monitoring fuel.*