



Seattle Public Schools



Photos by Susie Fitzhugh

Annual Internal Audit and Ethics Report

October 21, 2020

Internal Audit Annual Report

School Board Procedure 6550BP - Internal Audit

- Requires an annual report to the School Board within 90 days of the school year calendar end:
 - Audits Completed
 - Major Findings
 - Corrective Actions
 - Significant Findings Not Addressed By Management

Audits and Projects Completed

2019 – 2020

- Special Education – Sustainability of the Corrective Action Plan
- Alternative Subcontractor Selection Process
- Stipends
- Racial Equity Advancement Internal Audit Consideration Tool
- Moss Adams Independent Review of the Internal Audit Function

Major Audit Findings

- Alternative Subcontractor Selection Process
 - Internal Controls
 - Final Determination
 - Early Selection of MCCM/ECCM
 - Independent Cost Audit

Major Audit Findings

- Stipends
 - Internal Controls over Stipends
 - Lack of Written Guidance
 - Inactive Stipends

Major Audit Findings

- Moss Adams Independent Review of the Internal Audit Function
 - Expand the authority of Internal Audit to include all District functions and programs.
 - Adopt a hybrid Internal Audit model.
 - Require outside audits and reviews to be routed through the Audit and Finance Committee.
 - Increase engagement with District management by performing high-impact audits, building relationships, and providing education on risk management.
 - Reinvigorate and institutionalize previous enterprise risk management efforts to prioritize and proactively address risks.

Major Audit Findings

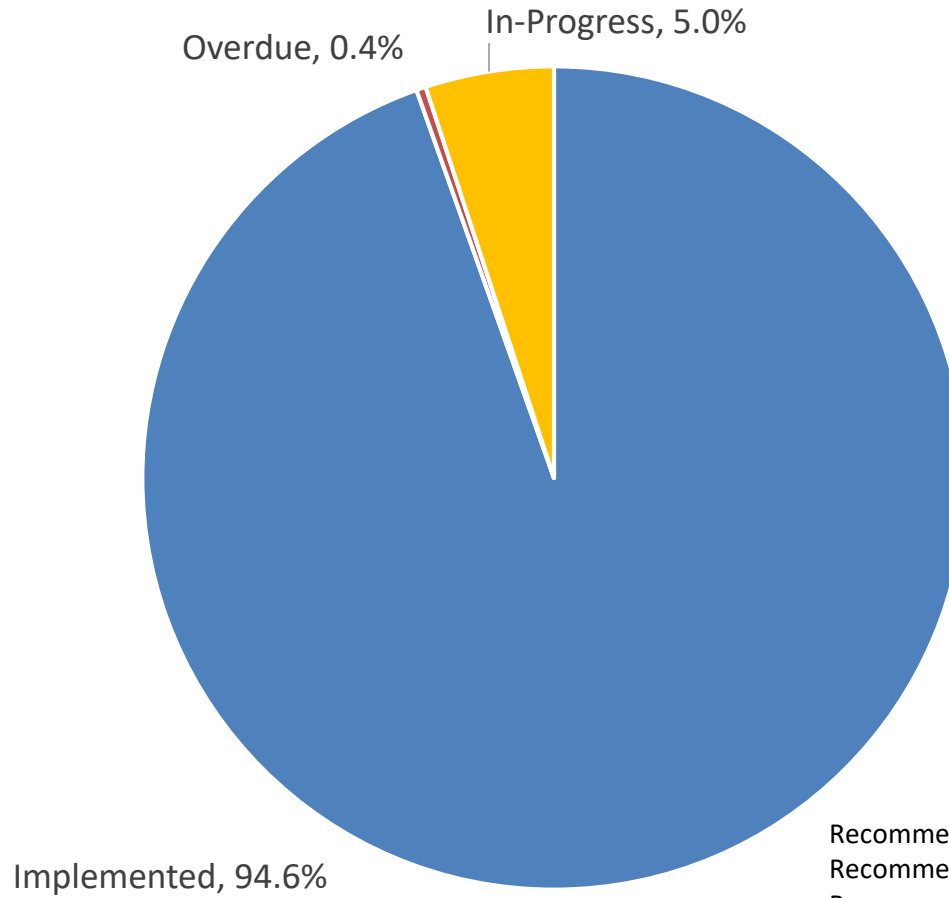
- Moss Adams Independent Review of the Internal Audit Function (continued)
 - Transition to a three-year cycle for risk assessments with increased management participation.
 - Develop annual audit plans based on the District's unique risks and provide greater flexibility in addressing urgent needs.
 - Ensure recommendations address the root cause of issues.
 - Determine the desired role of the Audit Response Manager as either management support or audit validation and revise the position's reporting structure accordingly.
 - Develop and implement mandatory Ethics and Fraud, Waste, and Abuse training for all District employees.

Corrective Action Plans

- District Management Function
- Audit Response Manager
- Approved Corrective Action Plans
- Quarterly Updates to the A&F Committee
- Follow-up Audits

Status of Recommendations

June 2012 – September 2020



Recommendations Implemented:	506
Recommendations Overdue:	2
<u>Recommendations In-Progress:</u>	<u>27</u>
Total Recommendations:	535

Significant Findings Not Addressed by Management

- Bargaining Items

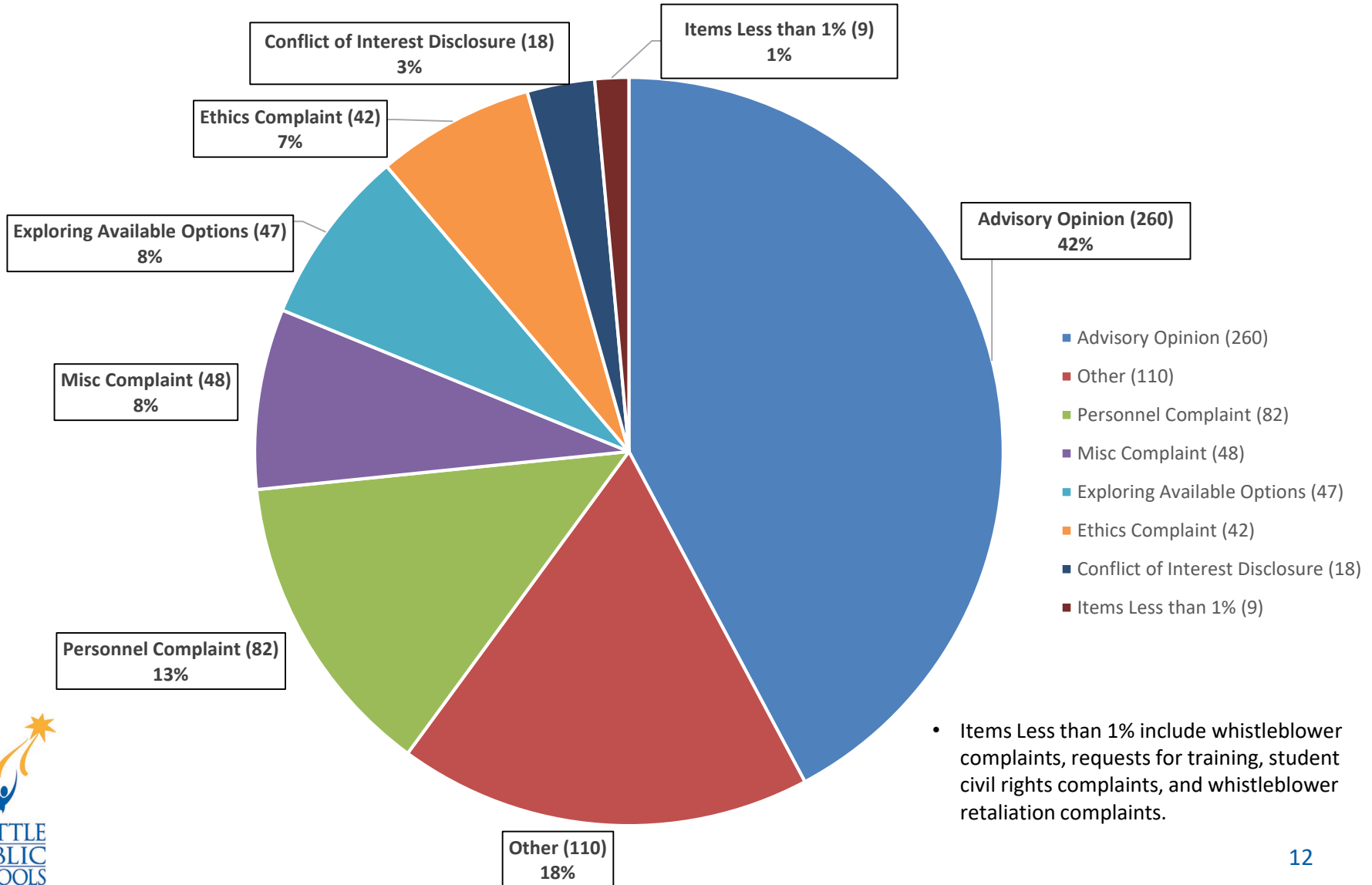
Annual Ethics Report

School Board Policy 5251 - Ethics

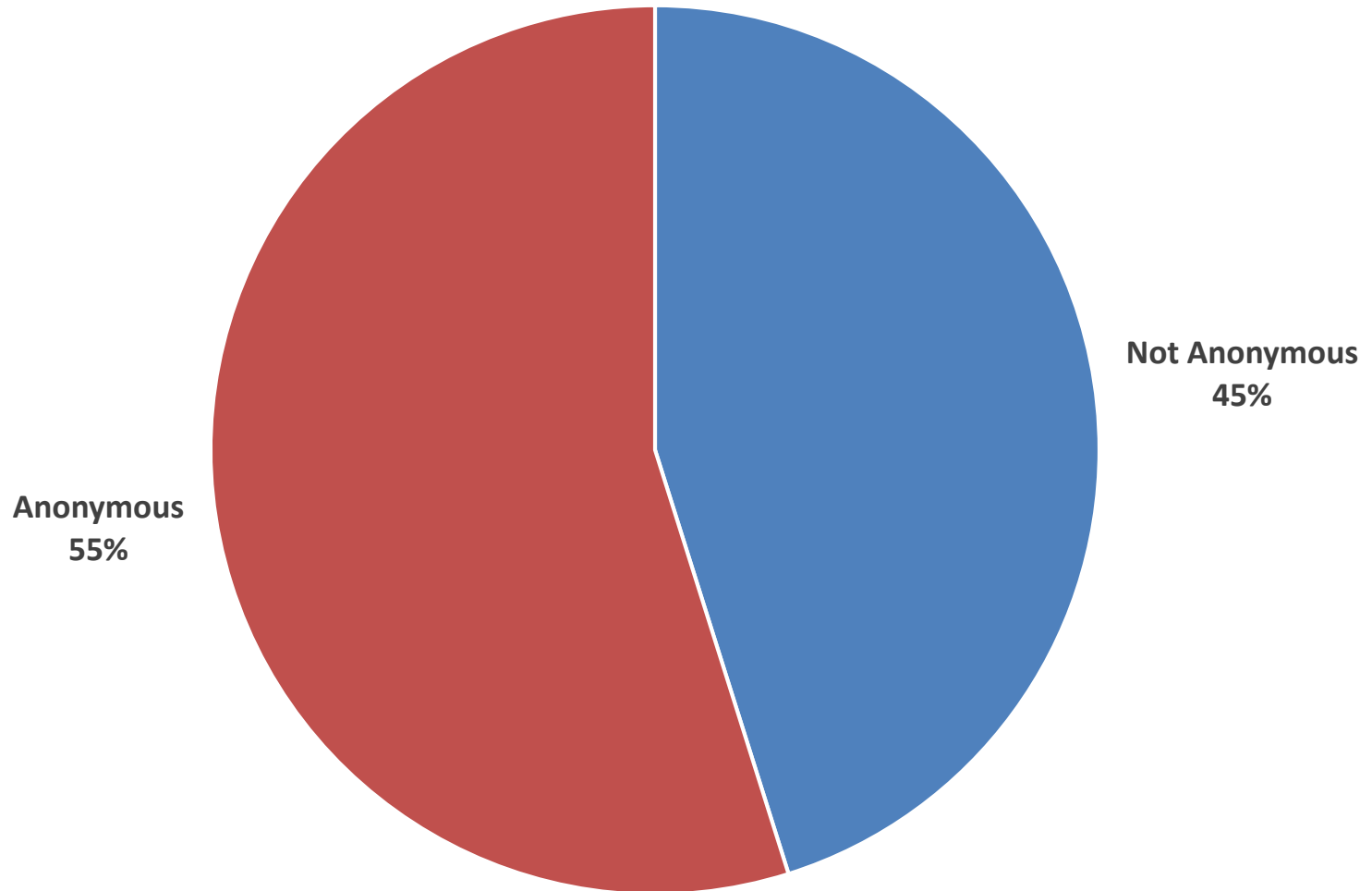
- Requires an annual report to the School Board within 90 days of fiscal year end:
 - Number and Type of Contacts Received
 - Percentage of Contacts Submitted Anonymously
 - Status of Ethics Training Program

Types of Contacts Received

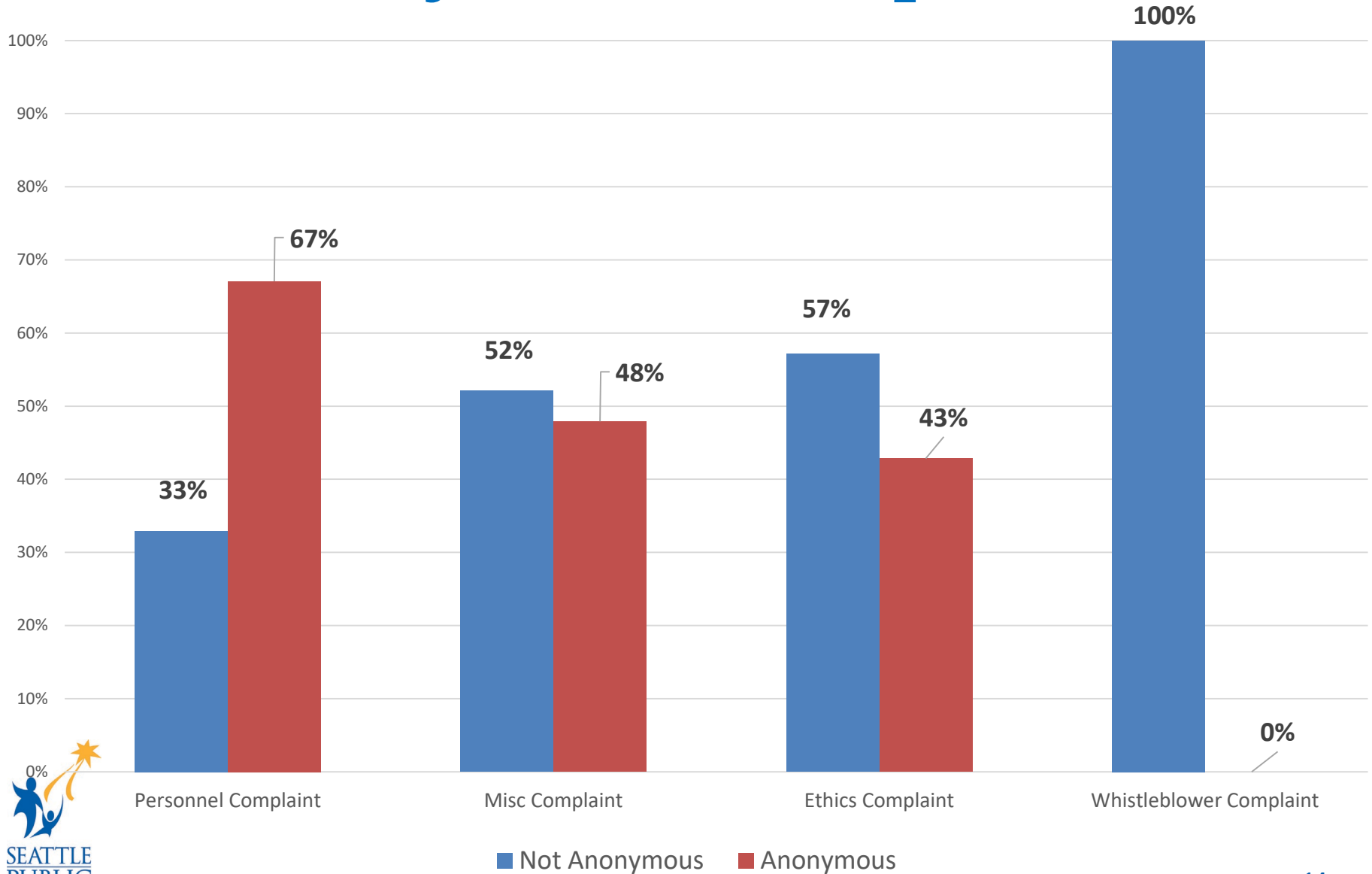
July 2014 – August 2020



Anonymous Complaints



Anonymous Complaints



Ethics Training

- No Changes Since Last Year
 - New Employee Orientation
 - Safe Schools
 - Requests for Training
 - FAQ
 - Online Reporting
 - Media Operations Center / SPS TV

Discussion and Questions

- Moss Adams recommendations will be implemented to elevate Internal Audit and expand our authority
- The Moss Adams Report and completed Internal Audit reports are available on the [Office of Internal Audit's webpage](#)
- Questions/Comments