



Seattle Public Schools The Office of Internal Audit

**Internal Audit Report
Ballard High School**

September 3, 2024 through April 30, 2025

Issue Date: June 3, 2025

Executive Summary

Background

Ballard High School is located in the Northwest Region of Seattle Public Schools. It has over 1,705 students, 81 teaching-staff members and operates on an annual budget of \$16.5 million.

Although Ballard High School was the focus of this audit, our primary goal was to evaluate the overall system of controls put in place by the District. The decentralized nature of a school district results in a situation where many key internal control and compliance functions are performed at the individual schools. The audits conducted at the individual school level will help ensure that these key functions are being performed and are having their intended effect. This audit will also help to highlight those areas where the schools may not have clear guidance on the procedures they are expected to perform, and it will identify those situations where they have not been provided with adequate resources to perform these key functions properly. In addition to the findings and recommendations noted in this report, the Office of Internal Audit is also using the knowledge gained from the school audits to develop an annual risk assessment that will be used to identify future audit areas.

This audit is intended to provide a level of assurance on how the school is operating and to identify areas of improvement. The main focus of the school audits will be on fiscal accountability, adherence to district policies and areas requiring schools to exercise some building-level autonomy over their procedures. Schools must make decisions to address the unique needs of their students, while still complying with federal or state requirements, collective bargaining agreements, and District policies and procedures. Many times, these independent decisions will differ from school to school, and there is a risk that compliance requirements will not be addressed, or that the building-level decisions will create inequity from school to school. By including these areas in the school audits, we will be able to assess the risks associated with a decentralized environment, and we will be able to cover several important topics within each school audit.

The findings and recommendations identified in this report are not intended to highlight individual shortcomings, but rather are intended to improve internal controls and processes by reviewing how well the school follows district procedures, and if those procedures are effective. We appreciate the School's understanding of the internal audit process, and their desire to work with us on continuous improvement.

Roles and Responsibilities

Under the direction of the Audit Committee, the Office of Internal Audit is implementing its 2022-2025 Audit Plan which was approved on March 1, 2022. The Audit Plan includes School Audits. District management has the primary responsibility to establish accurate processes, monitor internal controls, and implement operational improvements. Internal Audit's function is to assess current operations, test internal controls, provide recommendations for optimization, and offer reasonable assurance on the adequacy and effectiveness of internal controls.

Audit Objectives

To ensure compliance and strong internal controls in the following areas:

- Cash Handling & Receipting
- Building Rentals
- Fundraising
- Volunteers
- Student Records
- Leave Time Approval
- Substitute Reimbursements

Scope of the Audit

September 3, 2024 through April 30, 2025.

Audit Approach and Methodology

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing. Internal Audit is an independent appraisal activity that is purposed with evaluating the efficiency and effectiveness of operations. The Office of Internal Audit is designed to add value and improve the District's operations by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of internal controls and governance of processes. Recommendations included in this audit engagement are designed to improve operations and serve as the basis for informed discussions. To achieve the audit objectives, the following procedures were performed:

- Planned the audit in cooperation with central administration staff to ensure that we had a strong understanding of the District's compliance requirements.
- Reviewed applicable District policies, administrative procedures, and written guidance provided by departments in central administration.
- Reviewed applicable Revised Code of Washington, Washington Administrative Code.
- Conducted a surprise cash count in order to observe operations in their normal environment.
- Interviewed school staff knowledgeable of each objective area.
- Analyzed available data to corroborate the information obtained.
- Examined accounting records and tested supporting documentation.

Racial Equity Considerations

This engagement included completion of the Internal Audit Racial Equity Advancement Tool. This activity is intended to help align Internal Audit with the District's Strategic Plan and racial equity goals by increasing Internal Audit's awareness of potential racial equity issues impacting the area being reviewed. This engagement did not identify areas of racial inequities within the operational and administrative aspects of Ballard High School.

Conclusion

Based on the procedures performed, Ballard High School appears to have strong controls in each of the objective areas, except for the items noted in this report. This report includes recommendations that are intended to improve the overall accountability and transparency of the objective areas.

We extend our appreciation to the staff at Ballard High School for their assistance and cooperation during the course of the audit, and we commend them for their adherence to District and state compliance requirements.

Andrew Medina

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

Findings and Recommendations

1) Student Records

Board Policy 3231 governs the requirements for student records and Superintendent Procedure 3231SP establishes procedures governing the content, management, and control of student records. The District's Archives and Records Management Department also provides training and reference material related to student records.

We noted the following concerns associated with student records during the audit:

- Student cumulative files, which are used to collect and maintain academic records on a routine basis, included documents that should not be retained, have exceeded their minimum retention period, or should be retained in a separate confidential medical file. Retaining these items in the student cumulative files increases the risk that they will be inappropriately released and subjects the District to unnecessary liability.
 - Confidential items such as medical documents should be retained separately from the students' cumulative file. If a copy of 504 Plan documentation is included in a student's academic file, the Plan should be reviewed and any protected medical information that is unrelated to academics should be removed from the cumulative file.
 - Registration documents establishing residency or citizenship of the student or guardians should not be retained in the academic file.
 - Transfer documentation from prior schools of attendance should be reviewed upon receipt and only standard documents necessary for the cumulative files should be retained.
 - Other items such as elementary and middle school progress reports have limited retention periods and can be destroyed once their retention period has expired.

Recommendation

We recommend that the school review student cumulative files and conduct the following:

- Ensure that no confidential medical information is included in the files and destroy copies of unrelated medical information.
- Destroy any unnecessary documents that are not required to be retained or have met their retention period.
- Review files of transfer and newly enrolled students upon receipt to ensure only necessary documents are included in the cumulative file.

Management Response from Ballard High School

We concur with the recommendation and appreciate the feedback provided to our school regarding our processes and procedures as they related to the audited areas. We are confident that each area highlighted in the findings will be addressed.