



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

**Internal Audit Report
Franklin High School**

September 3, 2024 through June 30, 2025

Issue Date: April 30, 2026

Executive Summary

Background

Franklin High School is located in the South Region of Seattle Public Schools. It has over 1,237 students and 75 teaching-staff and operates on an annual budget of \$14.6 million.

Although Franklin 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 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 both 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 collaborate 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
- Stipends

Scope of the Audit

September 3, 2024, through June 30, 2025.

Audit Approach and Methodology

This audit was conducted in conformance with the Global Auditing Standards. 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 Franklin High School.

Conclusion

Based on the procedures performed, Franklin High School appears to have adequate 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 Franklin High School for their assistance and cooperation during the course of the audit.

Andrew Medina

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

Findings and Recommendations

1) Substitute Reimbursement

The Seattle Education Association (SEA) Collective Bargaining Agreements (CBAs) covering Certificated Non-Supervisory, Seattle Association of Educational Office Personnel (SAEOP), and Paraprofessional district employees include provisions for reimbursement to schools in specified instances where a substitute is requested for a job, however the job fails to fill due to substitute unavailability. When the District is not able to provide a substitute to fill an absence for employees such as teachers, office staff, and paraprofessionals, another employee at the same building may take on the additional responsibility to cover the absent employees' assignment. In these situations, the impacted school is reimbursed, and the funds may be used to compensate staff for coverage of the unfilled position.

Each school's bargaining unit (certificated non-supervisory, SAEOP, and paraprofessional) creates a reimbursement agreement that guides the use of Substitute Unavailability Funds received for their unit's SEA-represented employees substituting for other SEA-represented employees. The policy consists of guidelines that are administered by building leadership, building timekeepers, the substitute office, and the Payroll Services Department.

At Franklin High School, each bargaining unit voted at the beginning of the 2024-2025 school year to compensate impacted staff with substitute unavailability funds.

A) Late Notification of Absences

The District utilizes a software system, Frontline Education Absence Management (Frontline), to manage substitute requests and placement. This system records the date and time of when a staff member notifies the District of their absence and generates a confirmation number which is matched to reimbursement requests. Per District guidance, staff must provide adequate time for the District to make a placement. While not strictly enforced by central administration, in situations when adequate notice is not given, the school may be ineligible for substitute reimbursement funds.

On review of Frontline records, Internal Audit has identified a significant latency in Franklin staff providing absence notification. For the purpose of this analysis, we used a 60-minute threshold as the basis for determining if an absence notification was untimely. In the first quarter of the 2024-2025 school year, 23% of absences were reported less than 60 minutes prior to the start of the school day; the second quarter increased to 41% of absences delinquent reported; and increased again in the third quarter to 46% of staff absences reported less than 60 minutes prior to the start of school. For the school year in total, there were 1,828 unfilled absences at Franklin, with over 35% of these absences reported under 60 minutes. In addition, it was found that there were several absences reported after the staff member's scheduled start time. Late notice increases the likelihood that the position will not be filled by a District provided substitute. The noted number of late absences reported at Franklin does not align with District guidance and may be the root-cause of unfilled substitute positions.



**Internal Audit Report
Franklin High School
September 3, 2024 – June 30, 2025**

Throughout the 2024-2025 school year, Franklin High School generated the highest amount of substitute reimbursements in the District by a significant margin. The timing of the Franklin’s absence notification may correlate to the school’s ability to fill the position. The following chart highlights the volume of substitute reimbursements at Franklin in comparison to other District High Schools.

2024-2025 District Wide High School Substitute Reimbursements			
School	Total Reimbursement	Certificated Staff Reimbursement	Classified Staff Reimbursement
Franklin	\$ 253,247	\$ 86,481	\$ 166,766
Chief Sealth	\$ 151,363	\$ 44,337	\$ 107,026
Cleveland	\$ 83,783	\$ 60,551	\$ 23,232
Garfield	\$ 69,872	\$ 15,202	\$ 51,153
Ingraham	\$ 68,609	\$ 27,995	\$ 40,614
Ballard	\$ 66,356	\$ 15,202	\$ 51,153
Rainier Beach	\$ 55,458	\$ 35,688	\$ 19,771
West Seattle	\$ 49,671	\$ 19,749	\$ 29,923
Roosevelt	\$ 19,139	\$ 16,012	\$ 3,128
Lincoln	\$ 13,931	\$ 9,615	\$ 4,316
Alan T. Sugiyama	\$ 8,156	\$ 4,206	\$ 3,949
Nathan Hale	\$ 6,575	\$ -	\$ 6,575
Total	\$ 846,160	\$ 335,038	\$ 507,606

B) Classroom Coverage

District guidance directs that if there are no available substitutes for a teaching position, certificated building staff members are the first line of coverage to cover a classroom absence. Teachers typically split the coverage for the day by forfeiting their planning period to cover the classroom period of absence. In an analysis of substitute reimbursement data, it was found that there are multiple instances at Franklin where Instructional Assistants (IA’s) are utilized to fill certificated classroom teaching positions, for all, or a percentage of the school day. When IA’s relocate from their assigned classrooms, assigned students, assigned bilingual or special education coverage to cover staff absences, the classrooms and individual student’s that IA’s are scheduled to support are impacted and potentially incur an educational deficiency.

In a review of building-wide communications, the school handbook and directions from school administration on this topic, school leadership outlined different reimbursement scenarios for general IA’s, Bilingual IA’s and SPED IA’s, designed to facilitate classroom coverage. Staff in these classified assistant positions were given preference for classroom coverage over certificated staff and were often requested to cover absences of both certificated and classified absences. This coverage and the subsequent reimbursement hours are not consistent nor in conformity with District procedures and the respective CBA’s.

From the Certificated CBA, the following agreement is set forth in Article IX: Workday, Workload, Assignment and Scheduling of Employees section 2:

“Practicum students and non-certificated personnel may be used to cover classes only in emergency situations as described in Section G, Item 1 above. Except in unusual circumstances, practicum students and non-certificated personnel shall not cover classes other than those to which they are regularly assigned. In exceptional situations, the building principal/program manager or their designee shall make the decision for an arrangement and shall accept ultimate responsibility.”

Franklin’s regular utilization of IA’s to cover certificated staff absences may negatively impact student outcomes and increase risk. The risks associated with IA’s covering certificated teaching positions include legal liability for the District for injuries or serious incidents when an IA is not qualified to supervise independently, instructional quality concerns, classroom management, crises management including emergencies and behavioral crises.

While IA’s have more familiarity with the students, they do not hold the credentials to manage a high school classroom; this puts the District at risk and students at an educational disadvantage.

Recommendation

We recommend that the school:

- Communicate specific expectations for timely absence reporting to all staff and inform them of the downstream effect and potential ineligible substitute reimbursements when adequate notice is not given.
- Partner with the Substitute Office to obtain data on staff absence notifications that will allow the Franklin administration to monitor the timeliness of notifications when positions are unable to be filled.
- Review current substitute reimbursement practices and remediate any scenarios that are inconsistent with the direction of the District and Collective Bargaining Agreements.
- Only utilize classroom IA’s to cover certificated absences in emergent situations and prioritize the deployment of District approved substitutes.

2) Facility Rentals and Fundraising

School Board Policy 4260 and Superintendent Procedure 4260SP govern the use of school facilities. The policy states that the public is welcome to use school facilities but shall be expected to reimburse the District for such use to ensure that funds intended for education are not used for other purposes; and that the school district receives fair value for use of its facilities. Superintendent Procedure 4260SP outlines the application requirement for rental facilities within or adjacent to athletic complexes and sports fields, including concession stands and parking lots. Seattle Public Schools requires insurance for use of its facilities by users other than Seattle Public Schools staff and events. Proof of insurance is required to register to use facilities in the Community Use section of the building rentals user profile. The application accounts are reviewed and approved by the Facilities Department prior to usage. Rental fees include reimbursement to the District for administration, staff including custodial services, HVAC, and security services.

On review of the facility rentals for Franklin, it was found that the school did not follow District policies and procedures. Multiple bookings made by a school staff member were made for outside groups, which used the gymnasium without complying with the District's facility rental requirements. The outside groups did not provide proof of liability insurance nor pay the required rental fees. SPS building rentals procedures stipulate that SPS staff are not authorized to submit requests for events on behalf of community users. Community users are to be directed to use the public building rentals webpage.

The outside events were incorrectly categorized as internal events, open gyms, sports practice, or Associated Student Body (ASB) fundraising tournaments on the District's official facility usage calendar. As a result, these events were considered to be rent-free when fees should have been charged to the outside groups. District procedures allow some outside groups to use District facilities without paying rent when they support youth education, however, the events in question would not qualify for free rent as the events were primarily used for tournaments coordinated by outside organizations. The tournaments and sporting events were limited in participation to selected students involved in the sports program and did not offer alternative options for participation to all youth.

Per Board Policy 4260, Seattle Schools defines the support of youth education as activities that increase success in school and prepare students to succeed as adults. In order to be treated as an enrichment activity, the program shall be open to all students that apply; i.e., tryouts or cuts shall not be permitted and the activity shall be open on a first-come first-served basis up to the number of available slots, provided, that (1) students of varying skill levels may be separated into different classes or activities appropriate to their skills; (2) performing arts programs, such as drama or dance, may use auditions for placement but must also offer alternative options for participation in the production; and (3) tutoring and academic support programs may limit participants based on need. The sporting events utilizing the Franklin gymnasium did not meet these criteria.

In lieu of paying the established rental fees and following proper facility usage procedures, outside organizations entered into contractual agreements with a school employee. The contracts were not approved by central administration as required by District policies and procedures. These agreements outlined that Franklin would be compensated for the outside organization's usage of the gymnasium in the form of donations to the school's ASB. Franklin's would be compensated in

this manner for each of the tournaments and events and would be allowed free participation in the organized tournaments. Per the agreements, the payments were to be scaled for the duration of each tournament and checks were to be made payable to a Franklin High School ASB account.

In an analysis of the ASB account, deposits which aligned with the timing of each tournament were recorded as ASB donations, tournament entry fees (paid by participating regional high schools) and cash. In addition to tournaments, there were payments made and categorized as donations for the use of the “open gym.” It was identified that an additional outside organization made payments for usage of an “open gym”, and these events aligned with tournament schedules advertised online of the outside organization.

In addition, spectator tickets were sold at the door and online. The amount that the outside organizations earned for each event is undetermined, therefore, the amounts donated to Franklin are unreconcilable. It is unknown if those who handled cash were trained in District cash handling procedures. Cash deposits of varying amounts were recorded, however, the accuracy of money collected is insufficiently documented.

While donations were made to a Franklin ASB account with no evidence of misappropriation of funds, the lack of documentation and controls prevent Internal Audit from providing any assurances that the amounts received by Franklin were complete and accurate. The lack of documentation also prevents Internal Audit from accurately calculating the amount of rental fees that should have been charged to the outside groups.

Recommendation

We recommend that the School:

- Adhere to District policies and procedures related to facility rentals.
- Adhere to District policies and procedures related to community partnerships and contracts.
- Terminate any contracts with outside organizations that did not go through the proper District procedures.
- Notify all school staff they do not have the authority to enter into any contracts on behalf of the school or District.
- Ensure necessary building rental permits are obtained when any District room, building, gymnasium, or parking lot will be utilized for fundraising activities, including all athletic events.
- Ensure that all school facility usage is properly categorized as either an internal school event or external user event.
- Remind all staff that all fundraisers, including co-sponsored fundraisers, must be properly approved before activities begin and supporting documentation must be maintained.

- Ensure that all funds collected at events are documented in adherence to the District's Accounting policies, procedures and ASB Procedures Manual, including:
 - Maintain detailed documentation identifying entry fees, admissions, and concessions.
 - Follow proper procedures for ticket sales.
 - Complete a co-source agreement for any co-sponsored events.
 - Complete an ASB Activity Approval and Reconciliation Form for all ASB fundraisers.
 - Document and retain ASB Council approval for all ASB Fundraisers.
 - Deposit all funds to the Fiscal Office within 24 hours of the event.

Management Response from Franklin High School

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