



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

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**Internal Audit Report  
Olympic View Elementary School**

**May 1, 2015 through December 31, 2015**

Issue Date: March 15, 2016



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## **Executive Summary**

### **Background**

We completed an audit at Olympic View Elementary School for the period May 1, 2015 through December 31, 2015. Olympic View Elementary School is located in the Northeast Region of Seattle Public Schools. It is a K-5 elementary school with over 450 students and 30 staff, and operates on an annual budget of \$3 million.

Although Olympic View Elementary 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 schools 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 the schools 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.

### **Roles and Responsibilities**

This audit was completed as part of the *Annual Risk Assessment and Audit Plan* approved by the Audit and Finance Committee on October 6, 2015. District Management has the primary responsibility to establish, implement, and monitor internal controls. Internal Audit's function is to assess and test those controls in order to provide reasonable assurance that the controls are adequate and operating effectively. We conducted the audit using due professional care, and we believe that the evidence obtained provides a reasonable basis for our findings and conclusions.

### **Audit Objectives**

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

- Associated Student Body (ASB)
- Cash Handling and Receipting
- Disbursements
- Payroll
- Volunteers
- Risk Management
- Loss Reporting



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## **Scope of the Audit**

May 1, 2015 through December 31, 2015

## **Audit Approach and Methodology**

To achieve the audit objectives, we performed the following procedures:

- Planned the audit in cooperation with central administration staff from Accounting, Payroll, Human Resources, and Risk Management to ensure that we had a strong understanding of the District's compliance requirements.
- 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.

## **Conclusion**

Based on the procedures we performed, the 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 Olympic View Elementary School for their assistance and cooperation during the course of the audit.

*Andrew Medina*

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



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## **Findings and Recommendations**

### **1) Cash Handling and Receipting**

During the course of our audit we identified the following concerns related to cash handling and receipting. Although some instances were specific to the ASB Fund and some were specific to the General Fund, the following issues represent basic cash handling and receipting problems that apply to all funds:

- Funds received through the mail are not recorded on a receipt.
- Funds collected by staff members and students are not always turned in to the fiscal office on the same day they are collected.
- The fiscal office does not always count funds and prepare a receipt in the presence of the depositor.
- Checks are not always restrictively endorsed as soon as they are received.

The current procedures do not provide adequate documentation to safeguard district resources, and they increase the risk of theft, loss, and abuse. We do not suspect that an actual loss of funds occurred; however, the current procedures prevent us from providing positive assurance that all funds received by the school were properly deposited into a District bank account.

### **Recommendation**

In order to ensure accountability for public resources; reduce the risk of theft, loss, or abuse; and protect itself and its staff from unnecessary scrutiny, we recommend that Olympic View Elementary School:

- Write a receipt for all funds received by the school, including checks received in the mail.
- Instruct all staff members to promptly deposit any funds collected during the day with the fiscal office prior to the end of the day, including student store receipts.
- Write a receipt to staff members depositing funds with the fiscal office at the time the funds are deposited.
- Restrictively endorse all checks as soon as they are received.



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## **2) Volunteer and Chaperone Screening**

During the course of our audit, we identified areas of improvement related to the schools onsite handling of the volunteer and chaperone screening process, as well as the schools subsequent retention of the volunteer and chaperone screening records.

We noted that the school was unable to locate either volunteer or chaperone screening records for the FY15 school year. The school was able to locate volunteer and chaperone screening records for the FY14 and FY16 school years. The school stated they had performed the screenings as required, and suspected the records were either lost or inadvertently destroyed.

We noted that at least some of the FY15 school year volunteers and chaperones had successfully completed the online Adult Sexual Misconduct Training, which lends support to the idea that the original paper work was either lost or destroyed.

In addition to the above items, we noted that one volunteer for FY16 had not been screened, and another volunteer for FY16 was missing portions of the volunteer screening records.

### **Recommendation**

We recommend the school establish controls to ensure that all volunteers and chaperones are properly screened, and that the supporting paper work is properly safeguarded and retained.



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### **3) ASB Activity Approval and Reconciliation Form**

During the course of our audit, we noted that the ASB Activity Approval and Reconciliation form is not being consistently used as required by the *ASB Procedures Manual*.

The District utilizes the ASB Activity Approval and Reconciliation form to document that the activity was properly authorized. The District also uses the form to help reconcile revenue, expenses, and activity in an effort to reduce the risk of misappropriation.

#### **Recommendation**

We recommend that Olympic View Elementary School establish controls to ensure the ASB Activity Approval and Reconciliation form is prepared and reconciled for all ASB related activities.

## **Management Response**

### **Response Received from Olympic View Elementary School**

*We appreciate the feedback provided to our school regarding some of our processes and procedures as they relate to the audited areas. I am confident that each of the areas highlighted in the findings can and will be addressed in a timely manner. Although this is not the official corrective action plan, I included below some of the steps taken already to address the areas of concern:*

- *As a result of the audit, all staff members were informed to promptly deposit all funds during the day with fiscal office prior to the end of the day.*
- *The administrative secretary who is also the fiscal secretary*
  - *will write a receipt for funds that are received by the school including checks sent through the mail as well as lost and found money.*
  - *will write a receipt to staff members depositing funds at the time the funds are deposited.*
  - *restrictively endorse all checks as soon as they are received.*
- *The ASB Activity Approval and Reconciliation form will be prepared and reconciled for all ASB related activities.*
- *The assistant secretary has reviewed and verified that all volunteers and chaperones are properly screened. In August, all the supporting paperwork will be safeguarded by the assistant secretary and verified by the administrative secretary.*

*Please note that these actions are already underway.*