



Seattle Public Schools Office of Internal Audit

**Internal Audit Follow-up Report
Genesee Hill Elementary School Design**

Issue Date: June 13, 2017

Internal Audit Follow-up Report Genesee Hill Elementary School Design

Background

On June 21, 2016, the Office of Internal Audit issued a construction audit report focusing on the design of the Genesee Hill Elementary School project. Construction audits are designed to help ensure the effective use of public dollars and provide recommendations to improve the district's construction management practices. In accordance with the 2017 capital audit plan, we have completed a follow-up review to determine if the district has taken appropriate corrective action in response to the findings in the 2016 report.

Roles and Responsibilities

District management is responsible for taking corrective action to address audit findings. To fulfill this responsibility, the district has a dedicated audit response function to assist departments with the procedures necessary to resolve findings and to provide status updates to the Audit and Finance Committee.

Audit Approach

Management creates a written corrective action plan at the conclusion of each audit. Some key factors to consider regarding capital related corrective action plans are as follows:

- Audit Response must work closely with the Capital Projects and Planning Department to resolve most findings.
- Corrective action plans can require the involvement of departments other than Capital Projects and Planning and can take considerable time to complete, especially when they depend on prerequisite events.
- Some audit recommendations are intended to increase effectiveness or efficiency. They represent opportunities for improvement and do not reflect errors or noncompliance.
- For some audit findings, management may decide to assume the risk rather than try to mitigate it. If, in the judgment of management, the cost of corrective action exceeds the benefit, this may be a reasonable approach. However, if Internal Audit's view is that this approach would subject the district to serious risk, we would report this to the Audit & Finance Committee.

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Results

The original Genesee Hill audit report included the following findings:

1. Late redesign of the project resulted in increased costs.
2. Escalation was not included in the maximum allowable construction cost.
3. Stakeholder roles should be more clearly defined.
4. Personal services contracts (PSCs) are poorly managed.

We consider a finding resolved if the district has implemented Internal Audit's recommendation or taken some other action that sufficiently addresses the issue. The district has addressed the findings related to project redesign, escalation, and stakeholder roles. Corrective action for personal services contracts, which includes revisions to PSC procedures, is in progress.

Kimberly A. Fry

Kimberly A. Fry, CPA, CGMA, CCA
Capital Audit Program Manager