



Seattle Public Schools The Office of Internal Audit

**Internal Audit Report
Cleveland High School**

September 1, 2017 through April 30, 2018

Issue Date: June 5, 2018



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Executive Summary

Background

Cleveland High School is located in the Southeast Region of Seattle Public Schools. It has over 858 students and 49 staff, and operates on an annual budget of \$7.1 million. The School runs a Science, Technology, Engineering, and Mathematics (STEM) program with a focus on project-based learning and 1:1 technology.

Although Cleveland 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 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 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.

During the 2017-2018 school year, the District implemented an automated point-of-sale system, which will allow families to make credit and debit card payments to schools. This will decrease the amount of cash and checks transacted through schools, and will reduce the financial risk traditionally associated with school audits. As the District transitions to this new system, the focus of this year's school audits will be less on fiscal matters and more on school governance. The main focus of the school audits will be on 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 guide employees on correct procedures. We appreciate the School's understanding of the internal audit process, and their desire to work with us on continuous improvement.

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 September 5, 2017. District Management has the primary



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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 internal controls in the following areas:

- Cash Handling & Receipting
- Building Leadership Team (BLT)
- Continuous School Improvement Plan (CSIP)
- Substitute Rebates and Reimbursements
- Student Records
- Physical Education and Graduation Waivers
- Online Learning Credits
- Overnight Fieldtrips
- PTSA, Booster Club, and ASB Fundraising
- Crowdsourcing Fundraisers
- Nutrition Standards
- Leave Time Approval
- Building Security
- Master Schedule

Scope of the Audit

September 1, 2017 through April 30, 2018

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, College & Career Readiness, Facilities, Human Resources, Nutrition Services, Payroll, and Records & Archives 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, and King County Department of Health website for State and local compliance requirements.



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- 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 performed, Cleveland 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 Cleveland High 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) 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 are not required to be retained, have exceeded their minimum retention period, or should be retained in a separate confidential and/or medical file. Retaining these items in the student cumulative files increases the risk that they will be inappropriately released and it subjects the District to an unnecessary liability.
 - Items such as state testing scores that are available online, and miscellaneous notes and school assignments are not required to be retained.
 - Although a restraining order is a public record, it is a legal document that is not collected and maintained by schools on a routine basis and does not serve an educational purpose.
 - Other items such as grade reports, attendance records, and disciplinary actions have limited retention periods and can be destroyed once their retention period has expired.
 - Confidential items such as IEP and medical documents, including requests for information from mental health and doctor offices should be retained separately from the students' cumulative files.

Recommendation

We recommend the following:

- The School should review the student cumulative files and destroy any unnecessary documents that are not required to be retained or have met their retention period.
- Legal documents such as restraining orders should be kept separate from student cumulative files to protect the privacy of students. However, the School should have a central area where these are kept to quickly access the order when necessary to protect the safety of its students.



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- The School should also remove and separately file documents that are considered confidential or medical information.

- When students transfer into or out of the School within the District, review the files to remove any unnecessary documents.



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2) Building Security

Board Policy 6805 governs the requirements over the key control system. An individual key record form is required to be completed for each staff member that is issued keys. These forms document who is assigned the key, and includes information such as key number, room number, and date keys are issued and returned. By signing the individual key record form, employees accept full responsibility for the keys they are issued. Employees cannot loan keys to students or other staff members, and they agree to return keys at the conclusion of the school year, or at the time of separation or transfer. Staff members who do not have assigned school responsibilities during the summer must return all keys to the Custodian Engineer. At least annually, the principal or building manager must review the needs and responsibility of staff members who have been issued keys and ensure that unneeded keys are returned. Staff members are to report loss of keys immediately to the principal or custodian engineer; and are assessed a fee for the keys and for re-keying if necessary.

Based on our work performed, we noted the following:

- For 12 out of the 15 individual key record forms tested, we found no indication that the keys issued at the beginning of the school year were returned at the end of the school year. We confirmed that these staff members did not have assignments during the summer, between school years.
- In one instance, we found that multiple copies of keys were assigned to a staff member.
- The School does not maintain an inventory of how many total keys there are for each room.

Recommendation

We recommend that the procedures associated with the key control system be strengthened to ensure building security and compliance with District policies and procedures. Specifically, we recommend that:

- The Custodial Engineer ensure all individual key record forms are fully completed, including documentation of when keys are returned.
- The Custodial Engineer ensure that there is an individual key record form completed by each employee, rather than issuing multiple copies of keys to an employee.
- The Custodial Engineer should maintain an inventory of how many total keys there are for each room number.



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Management Response from Cleveland High School

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Corrective Action Plan:

1) Findings: **Student records**

Principal will meet with the Cleveland's administrative team, counselors, registrar, administrative secretary, special education department head, and the academic intervention specialist to develop an efficient system to maintain and properly purge student records according to Board Policy 3231. The School will review student files as often as needed to maintain and destroy any unnecessary documents that are not required to retain past the retention period. Medical documents and Legal documents such as: IEP's, police files, mental health information, and restraining orders will be kept in a separate file to protect the privacy of students. Items such as state testing scores will be kept and maintained by the academic intervention specialist. Other reports like grade reports, attendance reports, and disciplinary actions will be maintained and purged by the registrar. The registrar will maintain and purge the student's cumulative files and the registrar will also store these cumulative files in a central location for quick access. A more detailed corrective action plan will be completed in subsequent weeks.

2) Findings: **Building Security**

Principal will meet with the custodian, administrative team, and the administrative secretary to update and restructure the key control system in accordance with Board Policy 6805. The Custodial Engineer will ensure that all keys issued will have the Principals approval and forms will be completed by the custodial engineer for each key issued and returned. The Custodial Engineer will also develop a google document to keep an electronic record of each individual key issued to Cleveland staff and returned. The Principal will meet with the Custodial Engineer as needed throughout the school year to review inventory of keys issued and returned by Cleveland Staff. Multiple keys will not be issued to one room without Principal approval and proper forms completed by the Custodial Engineer. A more detailed corrective action plan will be developed in subsequent weeks.