



Seattle Public Schools The Office of Internal Audit

**Annual Risk Assessment and Audit Plan
September 1, 2018 through August 31, 2019**

Issue Date: September 4, 2018



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Executive Summary

The Office of Internal Audit conducts performance audits to support and promote integrity, openness, and transparency with respect to internal financial controls of all funds and compliance of the District. The audit process includes a comprehensive and collaborative district-wide risk assessment that results in an annual audit plan to address the risks identified.

The Annual Risk Assessment and Audit Plan prioritizes the areas being considered for audit by evaluating the risks associated with each area. The risk factors used to assess each area include:

- The financial impact and materiality of the audit area.
- The perceived quality of internal controls and the likelihood of errors.
- The frequency of audits and reviews conducted by internal audit or other external agencies.
- The results of prior internal and external audits.
- The complexity of the audit area.
- Turnover of key personnel and stability in management.
- Changes in compliance requirements and District priorities.
- Requests and input received from District management, the School Board, and external organizations.

In addition to the above risk factors, we also evaluate the timing implications of each area being considered for an audit. If an audit area is being audited or investigated, or is in the process of implementing significant changes to their operations, either in response to prior concerns or as part of an internal restructuring, we will adjust the timing of that area to ensure an effective audit. The audit plan is also designed to be flexible. On occasion, unforeseen circumstances may prevent the completion of an audit area. An audit area may experience significant turnover or operational changes that make an internal audit unrealistic at that time. It is possible that the State Auditor's Office or other external entity may choose to audit an area before we complete our audit. It is also possible that an audit area may be under an internal or external investigation. Rather than duplicate the efforts of another District function or external entity, that area will be replaced by another audit priority.

The Audit & Finance Committee can also approve changes to the annual internal audit plan at any time if new risks or priorities are identified mid-year. This year the District hired a new superintendent who has developed an entry plan to gain an understanding of the District and to revise the District's strategic plan. As the new superintendent gains more knowledge of the District and the risk and challenges it faces, the Office of Internal Audit will strive to work collaboratively with her and the senior management team to identify ways that will allow the Office of Internal Audit to add value to the District. This could result in recommended changes to the annual internal audit plan, which will be brought to the Audit and Finance Committee for approval if necessary. Since the Office of Internal Audit makes recommendations only, and does not have any authority to direct staff, it is important for District management to see the value in the work performed by the Office of Internal Audit to ensure that we are focusing our resources and making recommendations in areas that will assist the District in achieving its goals.

The audit universe represents the potential range of all audit activities, and has been continually developed over the years. As certain audit areas become obsolete (such as kindergarten tuition



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and S-275 staff mix reporting), they are removed from the audit universe. Any new areas identified during the year are added to the audit universe and evaluated with the same risk factors as all other audit areas.

An evaluation of the risks facing the District revealed four significant factors impacting the District's operations. Each of these items are common among school districts throughout the country and are not specific to Seattle Public Schools. The following risks were also considered in the preparation of the annual plan:

Significant Risk Factors Affecting the District:

- **Decentralized Environment**
The District is organized in such a way that schools must balance a degree of building-level autonomy with the requirement to comply with many centralized policies and procedures. This can create challenges for employees as they implement decisions aimed to accommodate the specific needs of their buildings. The District is also structured in such a way that many employees are located at schools, but they are supervised centrally. For example, a school custodian does not report to the school's principal, but rather reports to a centrally located supervisor within Custodial Services. Another example is the centralized accounts payable department that processes disbursements for school staff even though they do not have first-hand knowledge of the transaction. This environment increases the risk that employees will not follow procedures because they believe that they are not being adequately monitored. There is also the risk that central office staff will not effectively communicate key policies and procedures to outlying sites and schools, or provide them with the necessary resources and guidance they need to perform the control activity properly.
- **Leadership Turnover**
Turnover within the Superintendent's cabinet team and key management positions was relatively minimal this past school year but did include new leaders in Nutrition Services, an Executive Director of Schools, and several principal positions throughout the District. The District also hired a new superintendent who has developed an entry plan aimed at revising the District's strategic plan. Turnover in leadership positions increases the risk that internal controls will not be clearly established, or that they will not be assigned clear ownership. This environment is further complicated by the fact that formalized written procedures may not exist for all the position's functions. This increases the risk that institutional knowledge held by previous leaders will leave the District.
- **Budget Constraints**
The District continues to face significant budget constraints and is predicting significant budget gaps to continue over the next several years. The District also receives repeated requests to allocate more money to classrooms, rather than central support functions. This can lead to situations involving inadequate internal controls or monitoring of key functions. The need to cut positions can create situations where employees must take on increased workloads, which increases the risk that key control activities will not be performed. This demonstrates a greater the need for an independent internal audit function to evaluate the District's internal controls.



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- **Segregation of Duties**
School districts are often faced with inadequate segregation of duties due to continuous budget constraints. As a result, one employee may have access to more than one critical function, which can lead to significant breakdowns in controls and potential theft, loss, or abuse. This can be particularly true in schools, where one employee is often responsible for receiving, disbursing, and reconciling funds. A lack of segregation of duties increases the need for a strong internal audit function that can identify critical incompatible duties, and can recommend alternative controls when ideal segregation of duties is not possible.



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Procedures Performed

To develop an audit plan for the 2018-2019 fiscal year, we performed the following procedures:

- Reviewed prior years' annual risk assessment and audit plans to ensure a solid understanding of the risks and audit universe to be used as a starting point for the current year. Any new information obtained during the following steps was used to update the audit universe and reevaluate the risks associated with the areas being considered for an internal audit.
- Gathered information throughout the year from sources such as District training events, regular School Board meetings, School Board Committee meetings, oversight work sessions, work sessions, media reports, and discussions with District Directors, staff, and parents. Any new information gathered that would impact our assessment of audit needs was monitored and evaluated along with existing information.
- Evaluated the results of the audits that we conducted during the past school year, along with the results of any audits completed by external agencies. A risk-based assessment was performed to evaluate whether the results of an audit require a follow-up audit, and the timing of a follow-up audit if necessary.
- Solicited feedback from Board Directors, District Leadership, department managers, and the City of Seattle's Department of Education and Early Learning on their assessment of risks and ideas for internal audits. This feedback provided valuable information regarding the District's priorities and challenges, and has been incorporated into this year's audit plan.
- Requested input from other school district internal audit functions through the Council of the Great City School on audits that were conducted and deemed valuable by their respective districts. The information received from responding districts was reviewed to determine its applicability to Seattle Public Schools. Relevant feedback was evaluated along with other risks to determine if it should be included in the annual audit plan.
- Determined the Office of Internal Audit's available resources by calculating the number of work days in the year, and subtracting out anticipated Ethics Officer duties, administrative time, professional development and training, and leave time for vacations, sick days, and holidays.
- Reviewed available financial data to assess the financial impact of the areas being considered for audit.
- Used the information obtained in the above procedures to evaluate each area against a variety of risk factors including materiality, likelihood of errors, frequency of audits, prior audit issues, complexity, turnover, and timing.
- Compared the Office of Internal Audit's available resources to audit needs, and created multi-year audit schedules for non-capital audits and capital audits. The non-capital audit plan is included in [Appendix A](#), and shows all areas being considered for an internal audit. The capital audit plan and supporting background information are included in [Appendix B](#).



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Appendix A - Non-Capital Internal Audit Plan 2018-2019

This audit plan is based on information available at the beginning of the year. The actual hours necessary to complete each item will be determined after the audit begins and we gain a better understanding of the audit area. We will update the Audit & Finance Committee if significant concerns are discovered, or if other obstacles are encountered, that would delay the completion of an audit.

Total hours available after accounting for leave time, administrative duties, Ethics Officer responsibilities, training, and supervision of staff equals 3,180.

The primary audits and projects planned for the 2018-2019 school year include:

Primary Audit and Project Priorities	Estimated Hours to Complete
Special Requests and Misc. Projects Contingency (7%)	223
Board Director Projects (16 Hours per Director)	112
Annual Report to the Board	50
Oversight Work Session	100
Yellow Book Quality Control System	40
Annual Risk Assessment and Audit Plan	100
Planning and Development of School Audits	60
School Audits (5 schools at 150 hours per school)	750
SPED OSPI Follow-up - Sustainability of CAP (Carryover – DOE Request)	225
SPED Review of New Write-Back System (Carryover – DOE Request)	150
Contract Audit Program Development	100
Contract Audits (3 contracts at 150 hours each)	375
School Emergency Preparedness	300
Stipends	250
Data Analytics of Payroll and Accounts Payable Transactions	320
Bank Accounts	250
Total	3,405



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The following are secondary audit priorities that could be included in this year's plan if the above primary audit and project priorities are completed early or must be postponed for any reason:

Secondary Audit Priorities
Payroll Overpayments Due to Concurrent Employment
Facility Usage / Building Rentals
Travel Expenses
P-Cards
Nutrition Services Cash Receipting

The annual internal audit plan is designed to be flexible. The primary audit priorities represent the high-risk areas facing the District, but they also represent more work than the available resources are capable of completing in a single year. The annual plan is not a commitment to complete all primary audit priorities, but rather is a commitment to focus on the primary audit priorities first. Since the Audit & Finance Committee approves the annual plan, it is necessary for the plan to include enough audits to keep the Office of Internal Audit busy throughout the year. In the event one of the primary audit priorities cannot be completed for whatever reason, the plan includes an adequate number of secondary audit priorities to prevent the Office of Internal Audit from having to come back to the Audit & Finance Committee mid-year to get approval to conduct an additional audit. The Audit & Finance Committee will be updated if a secondary audit priority will replace a primary audit priority.

The focus for the 2018-2019 school year will be on the items listed as primary audit priorities; however, we may also begin work on a secondary audit priority if necessary. On occasion, unforeseen circumstances may prevent the completion of one or more primary audit priorities. An audit area may experience significant turnover or operational changes that make an internal audit unrealistic at that time. It is also possible that the State Auditor's Office or other external entity may choose to audit one of the primary audit priorities before we complete our audit, or that an audit area may be under an internal or external investigation. Rather than duplicate the efforts of another District function or external entity, that area will be replaced by one of the secondary audit priorities.

The annual internal audit plan can also adapt to unexpected, changing, or newly identified risks. As the District's new superintendent gains and understanding of the risks and challenges faced by the District and revises the District's strategic plan, the Office of Internal Audit plans to work with the superintendent to identify ways that internal audit resources can provide value to the District. If new audit priorities are identified through this process, or if any other risks are identified during the year, the Audit and Finance Committee can approve changes to the annual internal audit plan.



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Primary Audit Priorities

The following narrative provides background information on each of the primary audit areas. During the planning phase of each audit engagement we will conduct an engagement-level risk assessment to determine what the audit's actual area of focus will be. In accordance with Board Policy 6550, our primary focus will always be related to financial internal controls and compliance.

Special Requests and Miscellaneous Projects Contingency (7%)

This contingency is used to accommodate the hours spent responding to red flags and other requests for internal audit services before an official change to the audit plan is approved by the Audit & Finance Committee. The contingency can also be used to accommodate time spent on miscellaneous projects and research.

Board Director Projects (16 Hours per Director)

School Board Directors do not have their own staff to perform research-type functions, and must rely on District staff or other resources to obtain information. As a result, the Office of Internal Audit will be available to Board Directors on a limited basis for informational and research-type projects. Each Board Director will be allowed to request Internal Audit's services for projects that are estimated to take up to 16 hours to complete. Examples of projects that Board Directors can request include verifying data, researching compliance requirements, and benchmarking items with other school districts or governmental organizations. This does not include items that would require Internal Audit to render a formal conclusion. Such a request would be consistent with an internal audit rather than a research-type project, and all Board initiated requests for formal audits must be submitted in accordance with Board Policy 6550BP – Internal Audit.

Annual Report to the Board

Each year the Office of Internal Audit must present an annual report to the Board indicating audits completed, major findings, corrective actions taken by administrative managers, and significant findings which have not been fully addressed by management.

Oversight Work Session

Board Policy requires the Office of Internal Audit to make regular oversight work session presentations to the School Board. The oversight work session requires participation for all department staff members and includes benchmarking Seattle Public Schools' data and procedures with other school districts.

Yellow Book Quality Control System

The United States Government Accountability Office (GAO) publishes Generally Accepted Government Auditing Standards (GAGAS), which are commonly referred to as the Yellow Book. Complying with a professionally recognized set of auditing standards, such as the Yellow Book, is a recommended best practice, including a recommendation noted in a White Paper for Internal Audit in the Great City Schools, published by the Council of the Great City Schools in October 2017. Developing a quality control system documenting the policies and procedures for the Office of Internal Audit will assist us in complying with Yellow Book standards. The Office of Internal Audit has developed a draft of the quality control system and will be finalizing the document with the Audit and Finance Committee this year.



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Annual Risk Assessment and Audit Plan

The Annual Risk Assessment and Audit Plan is required by Board Procedure 6550BP to ensure internal audit resources are spent on high-risk areas impacting the District. The process involves all department staff and includes soliciting input from Board Directors and District staff, conducting follow-up meetings as needed, analyzing preliminary data, and assessing risks to determine which areas to include in the annual audit plan.

School Audits

The school audits will continue to focus 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. As a result, there is a risk 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 results of the individual school audits may also reveal a need for central administration improvements to help schools be successful.

Last year the District implemented an automated point-of-sale system (SchoolPay) in most secondary schools, and will expand the system into all remaining schools this year. As with any new system there will be challenges with the implementation. This year's school audits will not include an in depth review of the SchoolPay system, but they will include procedures to ensure that funds collected by the school are properly deposited into a District account. Each school audit will be initiated with a surprise cash count to observe the school's normal process for collecting funds and to ensure compliance with basic financial requirements.

The school audits will include procedures related to the following topics:

- Graduation, Physical Education (PE), and Community Service Waivers
Does the school have adequate controls and documentation when waiving graduation, PE, and community service requirements? Do waivers contain adequate justification, and are they properly approved and documented?
- Online Credits
Does the school have adequate controls and documentation over the online credits earned by its students? Are online courses properly approved and provided by an OSPI approved provider? Are online course results properly recorded in the District's student information system?
- Overnight Field Trips
Are overnight field trips properly approved in advance, and supervised by an adequate number of qualified chaperones?
- PTSA, Booster Club, and ASB Fundraising
Are fundraising efforts properly categorized as ASB funds when required by state law and District procedures?



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- **Crowdsourcing Fundraisers**
Does the school prohibit any District-sponsored crowdsourcing fundraisers, such as GoFundMe, SnapRaise, and Kickstarter in accordance with District Policy?
- **Leave Time Approval**
Does the school have adequate procedures in place to ensure the timely and accurate recording of employee absences?
- **Nutrition Standards**
Does the school have adequate controls in place to ensure that foods sold to students during the official school day meets the District's nutrition standards? This item will focus on food and beverages sold outside of the District's Nutrition Services Department.

The school audits will provide valuable feedback on multiple areas of concern, and may also identify those areas that need a larger centralized audit. After completing the school audits, we will prepare a report summarizing the results of all school audits.

Special Education OSPI Follow-up - Sustainability of Corrective Action Plan

The District previously received a high-risk status from the Office of Superintendent of Public Instruction (OSPI) in response to noncompliance with special education requirements. While in high-risk status, OSPI withheld a portion of the District's special education funding. The District successfully created and implemented a corrective action plan to address the areas of noncompliance. The District was removed from high-risk status and funding was restored. While the District's corrective action procedures were sufficient to remove it from high-risk status and restore funding, there are concerns that the District will not be able to sustain its corrective action procedures in the long-term. The U.S. Department of Education requested that the Internal Audit Department conduct a follow-up audit to determine if the District's corrective action plan is sustainable. The audit will include procedures to determine if the District has adequate data and monitoring procedures to ensure continued compliance. In addition to the U.S. Department of Education request, this audit was encouraged by a Board Director. This is a carryover audit from the prior year's internal audit plan. Planning for this audit has already commenced and the audit will be completed this year.

Special Education – Review of the Writeback Process

In response to a prior internal audit finding, the District committed significant resources to develop the writeback process. The writeback process can electronically merge Special Education data from the IEP Online System to the PowerSchool System from which the District submits required data and reports to OSPI. Transferring data from the IEP Online System to PowerSchool was previously a manual data entry process creating the risk of data entry errors and was a duplication of efforts utilizing unnecessarily staff time and effort. The writeback process streamlines the District's reporting of data to OSPI, reduces the duplication of efforts, and eliminates the risk of manual data entry errors. The newly developed process was highly anticipated by both Seattle Public Schools and other school districts who face similar challenges. This audit will determine if the system is working as intended and is sustainable if reporting requirements change. The audit was requested by the U.S. Department of Education. This is a carryover audit from the prior year's internal audit plan. Planning for this audit has already commenced and the audit will be completed this year.



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Contract Audits

The District has received multiple audit findings related to procurement indicating District schools and departments may not be following the District's procurement policies and procedures. Contract audits are a new approach to address the District's procurement challenges that will also enable us to address contract monitoring concerns. The contract audits will include procedures to verify that the District contracts followed the appropriate procurement method, received the appropriate levels of approval, included a detailed scope of work description, and contain evidence that adequate services were received in exchange for the funds expended. We will develop a standardized audit program that can be used for audits of individual contracts. Available data will be analyzed and District management will be interviewed to identify high-risk contracts for auditing. Contract audits are recommended by other school district internal audit functions from the Council of the Greater City Schools. This is a carryover audit from the prior year's internal audit plan. Planning for the contract audits has already commenced and the audits will be completed this year.

School Emergency Preparedness

There have been recent changes to laws regarding school emergency drill requirements intended to protect students in the event of an emergency. The audit will assess the District's compliance with those requirements. The full scope of the audit will be determined during the planning phase of the audit, but in addition to emergency drills the audit could include procedures to determine if schools have an adequate emergency response plan that includes having CPR and first aid certified staff available, and having adequate resources for food, water, and supplies in the event of an emergency. This audit was requested by the Assistant Superintendent of Operations.

Stipends

The District pays a variety of stipends for items such as activity advisors and classroom overages. The audit will determine if stipends are properly authorized and calculated, how much the District spends on stipends, and whether or not it has adequate controls to ensure that stipend payments stop once they expire. This audit was requested by the Payroll Department.

Data Analytics of Payroll and Accounts Payable Transactions

Data analysis is an important aspect of auditing and can provide valuable information regarding potential risks and anomalies. We will analyze payroll and accounts payable data to identify and respond to any payroll or accounts payable red flags that may be indicative of fraud or irregularities. The payroll items to be considered during this analysis include risks related to ghost employees, payroll overpayments, and payments to terminated employees. The accounts payable analysis will evaluate risks related to fictitious vendors, overpayments, and payments made to companies owned by District employees. This project will also attempt to develop standard queries that can be used in future risk assessments to identify potential risks on an ongoing basis.

Bank Accounts

District policies and procedures allow secondary schools to open checking accounts at any commercial bank to expedite minor purchases. This audit will determine if school checking accounts comply with District procedures, and it will assess the risk of any unauthorized accounts. The audit will also determine if the custodians and check signers for the accounts are correctly identified, and attempt to identify inactive accounts in the District's name that should be closed.



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Appendix B - Capital Risk Assessment and Audit Plan

BACKGROUND

The Office of Internal Audit conducts “performance audits to support and promote integrity, openness, and transparency with respect to internal financial controls of all funds and compliance of the District.” The audit process includes a comprehensive, collaborative district-wide risk assessment that results in an annual audit plan to address the risks identified. The audit plan for the non-capital areas of the District can be found in [Appendix A](#).

Capital related performance audits assess program effectiveness, economy, and efficiency; internal controls; compliance; and prospective analyses to assist the Board with its oversight of management. The Capital Risk Assessment and Audit Plan was developed to address the District’s capital functions and includes performance audits of topics related to major Building Excellence (BEX) levy construction projects.

The overall goals of capital related performance audits are to:

- Review construction activity, with a focus on high-risk aspects.
- Examine the effectiveness and efficiency of capital operations.
- Ensure controls are developed and maintained.
- Identify cost avoidance opportunities.
- Provide the district with value-added recommendations that mitigate risks, increase compliance, and improve the future management of construction projects.

An audit plan typically begins with the creation of an audit universe. An audit universe is simply all things that have the potential to be audited. Topics deemed high risk are taken from the audit universe and scheduled for review, resulting in a work plan.

The audit universe for the capital function consists of all auditable programs, activity, processes, procedures, and transactions that are part of capital operations. The resulting work plan includes construction and non-construction topics, although construction topics are the primary focus.

AUDIT UNIVERSE – CAPITAL FUNCTIONS

The audit universe for capital functions includes the following areas:

- Capital Projects Planning
- Construction Management
- Capital Finance
- Small Works
- Furnishings, Fixtures, Equipment and Relocation
- Document Control
- Asset Management
- Capital Facilities Communication
- Fund Accounting
- Capital Programs
 - BTA – Buildings, Technology and Academics
 - BEX – Building Excellence
 - CEP - Capital Eligible Projects

The 2013 BEX IV capital levy provided funding for the following 17 major building projects, and included funding for earthquake upgrades and technology improvements. Internal audits of construction topics will encompass these major projects:

- Arbor Heights Elementary
- Bagley Elementary
- Fairmount Park Elementary
- Genesee Hill Elementary School
- Historic Horace Mann
- Jane Addams K-8 at Pinehurst
- Jane Addams Middle School
- Lincoln High School
- Loyal Heights Elementary
- Meany Middle School
- New Thornton Creek Building
- Olympic Hills Elementary
- Queen Anne Elementary
- T.T. Minor
- Wilson-Pacific Elementary
- Wilson-Pacific Middle School
- Wing Luke Elementary



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AUDIT PLAN DEVELOPMENT

This audit plan was designed to be flexible and to adapt to unexpected, changing, or newly identified risks. Capital related risks identified during the course of the fiscal year 2018 audits were evaluated in developing this work plan. Risks that cannot be addressed in fiscal year 2019 are planned for audits in future years. Audits associated with construction projects may require the consideration of unique factors, such as the following:

1. The phase of projects
2. The size, duration, and complexity of projects
3. The bidding environment
4. Project delivery methods
5. Type of project oversight
6. Change orders
7. Known cost or schedule overruns
8. District's experience with designer and/or contractor
9. Concerns expressed by stakeholders
10. Other risks exposed as projects progress



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CAPITAL AUDIT PLAN

Fiscal Year 2019

- Accounting for Certain Capital Funded Expenditures
- Appropriateness of Interfund Transfers
- Alternative Process for Mechanical and Electrical Subcontractors
- Select capital audit(s) based on continuous risk assessment
- Special requests from management or Board Directors

Fiscal Year 2020

- Change Order Use
- Contractor Compliance with Apprenticeship and Prevailing Wage Laws
- Select capital audit(s) based on continuous risk assessment
- Special requests from management or Board Directors

Fiscal Year 2021

- Contractor Accountability
- Select capital audit(s) based on continuous risk assessment
- Special requests from management or Board Directors



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The following information provides a general description of the capital audits currently scheduled for fiscal years 2019 through 2021. The scope and timing of the audits may change as the District's risk profile changes, and objectives will be refined at the time of audit.

Accounting for Certain Capital Funded Expenditures

This audit will evaluate the District's accounting, record keeping, and justification for specified expenditure categories and/or expenditure allocations. It will review how the District, as a participating agency in shared fiber optic installation projects, accounts for this activity. This includes determining whether transactions for installations, maintenance, and repairs receive proper accounting treatment; whether records are readily available for inspection; and whether records are accessible to management for decision making. The audit may incorporate other expenditure categories as determined during the planning phase.

Appropriateness of Interfund Transfers

Capital Projects Fund resources are restricted for acquiring and constructing major capital facilities or assets, purchasing equipment, implementing technology systems, improving buildings or grounds, and funding other capital eligible activities. The purpose of this audit is to determine whether Capital Projects Fund resources are being used only to support capital programs. The audit will examine the appropriateness of interfund transfers and the eligibility of costs charged to Capital Projects Fund.

Alternative Process for Mechanical and Electrical Subcontractors

Since 2010, public bodies in Washington State have been allowed to extend the benefits of using GCCM down to the subcontracting level. The legislature has established an alternative early selection process for mechanical and electrical subcontractors on GCCM projects. To use the alternative process, the public body and the GCCM must establish that it is in the best interest of the public and must meet other criteria during and after the selection process. This audit will determine whether the District is appropriately following requirements and whether its procedures are meeting the intent of the statute.

Change Order Use

This audit will review the District's change management process, procedures, and policies. It will examine whether change orders are warranted, authorized, and properly approved and whether the District has measures in place to control changes in project design or scope, especially when those changes increase costs. The audit may also include an evaluation of change order pricing.



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Contractor Compliance with Apprenticeship and Prevailing Wage Laws

The State of Washington requires 15 percent apprenticeship participation for projects estimated to cost \$1 million or more. To meet bidder responsibility criteria for public works projects with apprenticeship utilization requirements, bidders must have complied with these goals. Once contracts are awarded, the District should monitor contractors to confirm apprentice and journey level worker labor hours and ratios. The District must also ensure that contractors pay prevailing wages. The purpose of this audit is to evaluate the District's internal controls for ensuring contractors comply with apprenticeship utilization and prevailing wage laws.

Contractor Accountability

The provisions of a contract allocate the risk between the owner and the contractor and serves as a guide for both parties in making decisions and managing disagreements. This audit will determine whether the District protects the public's interest by enforcing contract terms, holding contractors accountable for their obligations, evaluating contractor performance on a consistent basis, and using the results of performance evaluations in future decisions. Some aspects of this audit may extend to subcontractor responsibilities.



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Appendix C - Staff Biographies

Andrew Medina, CPA, CFE, LPEC – Director of the Office of Internal Audit & Ethics Officer

Andrew is a Certified Public Accountant (CPA), a Certified Fraud Examiner (CFE), and a Leading Professional in Ethics & Compliance (LPEC), with over 20 years of audit experience. He joined Seattle Public Schools in August of 2011, after serving as a Senior Auditor for the Port of Seattle. Prior to joining the Port, Andrew was an internal auditor for the Clark County School District in Las Vegas, Nevada. He spent five years managing and conducting financial, operational, and compliance audits of the nation's fifth largest school district. As a Certified Fraud Examiner, Andrew was the department's fraud specialist, responsible for conducting the majority of the District's fraud investigations, as well as providing training to management and staff on fraud awareness and prevention. His fraud case study based on actual elementary school events was published in *Internal Auditor* magazine in February 2009. Prior to joining the Clark County School District, Andrew was a senior auditor with the State of Nevada Gaming Control Board. For 10 years Andrew helped regulate the casino industry by managing and conducting compliance, money laundering, and financial audits of Nevada's largest casinos.

Kimberly Fry, CPA, CGMA, CCA – Capital Audit Program Manager

Kim is a Certified Public Accountant (CPA), a Chartered Global Management Accountant (CGMA), and a Certified Construction Auditor (CCA) with more than 21 years of experience in Washington state, local, and tribal governments. She joined Seattle Public Schools in 2012 after working as an internal auditor for the Puyallup Tribe of Indians. At the tribe she was the primary government auditor, conducting operational and compliance audits of the tribe and its gaming enterprises. Previously Kim worked with the Washington State Auditor's Office where she performed financial statement, legal compliance, and federal Single audits of local government entities before transitioning to SAO's Performance Audit Team following voter approval of Initiative 900. Kim also served as a surety analyst with the Department of Labor and Industries where she assisted the department in certifying and overseeing self-insured employers. Kim is a Special Review Committee member for the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting program.

Elisa Kim – Senior Internal Auditor

Elisa has over six years of experience in auditing governmental entities. She joined Seattle Public Schools in October of 2016, after working as an Assistant Audit Manager at the Washington State Auditor's Office. In this role, she was responsible for overseeing staff, establishing and monitoring audit budgets, identifying and approving audit risks, and ensuring work was performed in accordance with Generally Accepted Governmental Auditing Standards. Prior to becoming an Assistant Audit Manager, Elisa worked as an Assistant State Auditor where she performed risk-based financial statement, accountability, and federal grant compliance audits of local governmental entities throughout King County, Tri-Cities, and Walla Walla.



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Janise Hansen – Senior Internal Auditor

Janise has over eight years of experience in auditing governmental entities. She joined Seattle Public Schools in July of 2018 after working as an Assistant Audit Manager and Fraud Specialist at the Washington State Auditor's Office for five years. In this role, she was responsible for overseeing staff, establishing and monitoring audit budgets, conducting fraud investigations, identifying and approving audit risks and audit plans, and ensuring audit work was performed in accordance with Generally Accepted Governmental Auditing Standards. Janise worked an additional three years for the State Auditor's Office as an Assistant State Auditor where she performed risk-based financial statement, accountability, and federal grant compliance audits of local governmental entities throughout King County and the Key Peninsula. As an Assistant State Auditor, Janise worked on the audit team that conducted the Seattle Public Schools audits for fiscal years 2012 and 2013.