

Board Special Meeting

Quarterly Audit Meeting

Tuesday, March 3, 2020, 7:30-9:30 am

Board Office Conference Room, John Stanford Center

2445 – 3rd Avenue South, Seattle WA 98134



Minutes

Call to Order

This meeting was called to order at 7:30 Directors Hampson was present and Director DeWolf was present via phone. Director Rivera-Smith arrived at 7:35am.

Chief Financial Officer JoLynn Berge staffed this meeting.

Approval of agenda: Directors moved to approve the agenda. This motion passed unanimously.

Approval of meeting minutes: Director DeWolf moved to approve the December 3, 2019 meeting minutes and Director Hampson seconded. These minutes were approved unanimously.

Internal Audit Update

Internal Audit Update (Medina)

Director of Internal Audit Andrew Medina gave a brief audit update on the stipends audit. He explained the wrap-up process for audits, and how information is shared with management and the Committee. The completed audit report will be presented at the next meeting. He summarized three follow-up audits on segregation of duties that had begun, as well as an audit related to employee-owned businesses. He stated that the audit was being coordinated with the State Auditor's Office (SAO). He added that capital audit was following its plan and was completing follow-up audits of unresolved recommendations.

Director Rivera-Smith asked if the employee-owned business audit was initiated in response to any specific concerns. Mr. Medina explained a concern had not been raised, and the audit was initiated in response to fraud related training that he had attended.

Director Hampson asked if this is similar to when an employee leaves the district and becomes a consultant. Chief Financial Officer JoLynn Berge stated that is a very common occurrence and is not prohibited. Mr. Medina indicated that this audit was specific to current employees and that the ethics policy is very specific about employees doing business with the District.

Director Hampson asked how many hours have been completed and how many additional hours are necessary. Mr. Medina will get that information to the Directors.

Director Hampson spoke about how Board Directors oversee that body of work for the internal audit department, and the department has not been evaluated since it was created. She explained why the Internal Audit Department was created. She is suggesting that a consultant come and look at the internal audit department to assess the department. She spoke about improving relationships and the ability to catch risks. She also spoke about adding public advisory members to the Audit & Finance Committee. Mr. Medina fully supports public advisors on the Committee and any experts who could serve as a resource to provide Internal Audit with tools to improve procedures. Director Hampson added a best practice for internal audit which is located on the website.

Audit Response

1. Audit Response (Boulmetis)

Audit Response Manager Annette Boulmetis reviewed the audit recommendations tracking sheet. She explained the first seven items are still in process and will be reported on when the due date gets closer. She spoke about the Human Resources (HR) rating document for grounds employees that will be discussed in the next bargaining cycle this summer. Ms. Berge explained if the item isn't agreed upon for bargaining it will have to be closed.

2. Human Resources (Redick, Codd)

Executive Director of Human Resources Strategy & Operations Shelia Redick spoke about substitute reimbursement and providing clarity of how schools will utilize funds generated by substitute unavailability and how that determination should be documented. Last week a final memo of agreement was sent out and she is requesting the item be closed.

3. Budget & Finance (Berge)

Accounting Director Amy Fleming spoke about an SAO finding that was based on the fixed asset tracking system. A new system has been implemented. A phase 2 will be done once all assets from the old system have been entered. The system cost 32K including sales tax, scanners, training and additional access.

Director Hampson asked if buildings or Parent Teacher Association have been notified of the need to have fixed assets tagged. Ms. Fleming explained yes, a process is in place for that.

Director Rivera-Smith asked who has changing access. Ms. Fleming said we have the ability to provide different levels of access.

Director DeWolf asked if an employee is only let go or goes on leave how do they track those assets. Ms. Fleming explained if an employee leaves an item such as a laptop would be returned along with other badges and equipment.

4. Chief of Schools (Jessee)

Audit Response Manager Annette Boulmetis spoke about item #14 the District did not have adequate internal controls to comply with graduation rate reporting requirements. She has spoken to staff and the process is now in place. All school administrative secretaries have been trained and The District will strengthen its procedures to ensure adequate documentation is retained to support accurate reporting of students transferred out. Additional training will be provided to all high school registrars on these procedures.

Meeting adjourn at 8:11am