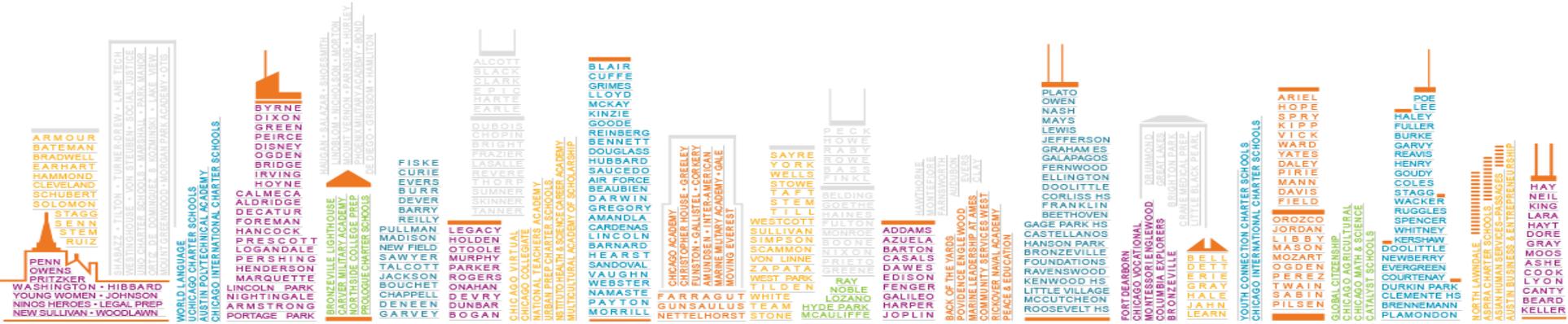


Finance and Audit Committee Meeting Board Meeting - January 2019



Audit Plan Overview

To provide district-wide coverage, the audit approach will span across the following areas:

1

Special Projects

- RMA Phase II Implementation
 - Addressing Tier I Risks
 - Embedding RMA in Continuous Improvement
- Develop and facilitate training around Board Policies & Procedures
- Serve as a consultative resource to other departments - timely management advice/best practices in a cost-effective manner

2

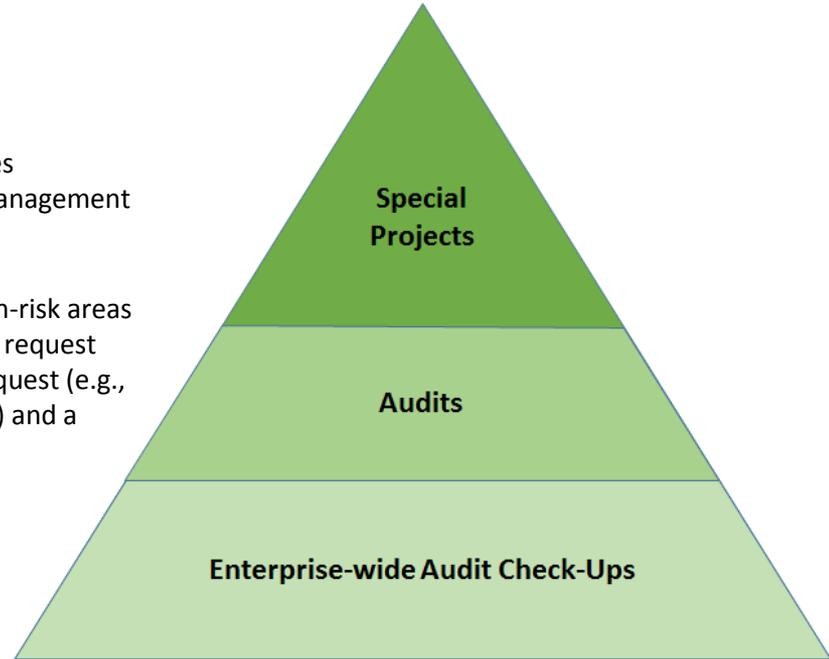
Audits

- Provide uniform audit coverage, layered with prioritization of high-risk areas
- Central Office - Prioritized by RMA as well as Board/management request
- School Audit Coverage - Prioritized by data analytics, audits by request (e.g., Principal Transition Reviews, or “PTRs”, and Limited Scope Audits) and a schedule of audits to ensure uniform coverage

3

Enterprise-wide Audit Check-Ups

- On-going risk-based discussions with all 72 departments
 - Identify progress on mitigating strategies toward risks identified during RMA
 - Pre-audit assessment of internal controls, compliance, and overall operational efficiency
- Implementation of data analytics for continuous monitoring in high-risk areas, including compliance monitoring (e.g., testing)
- Annual touch-point with all district-run schools with pre-audit reviews of areas with common findings (e.g., cash handling)



Central Office Audit Plan

Project	Area
Accounts Payables	Finance
Anti-Bullying	Academics / Operations
Charter School Governance	Innovation & Incubation / Operations
Finance IT Systems	Finance / Operations
Leave Management	Talent
Low Income Student Enrollment	Finance
Nutrition Services	Operations
Onboarding/Offboarding Process	Talent
Settlement/Claim Tracking and Data Analytics	Finance/Law
School Quality Rating Policy (SQRP)	Academics
Special Education Compliance Review	Academics / Finance
Sports Administration and Safety	Law
Travel Expenses & Reimbursements	Finance/Operations
Volunteer Process	Academics / Operations

School Audit Plan Expansion

Schools are selected for review based on Risk-based sample selection based on Key Performance Indicators (KPI) & Key Risk Indicators (KRI):

- Financial Information (bank account balance, cash receipts, cash disbursements)
- Academic Information (enrollment, SQRP, transfers, grade and attendance changes)
- Payroll Information (historical edits, data analysis over swipes)
- Prior history (non-compliance, last audit rating)
- Length of time since last audit

Current audit scope includes the following areas:

- Internal Accounts
- Cash Receipts
- Cash Disbursements
- Procurement
- Payroll & Supplemental Pay
- Fixed Assets
- Student Transfers
- Grade Changes
- Safety & Security
- Facilities

FY2019 Enhancements

1. **Improved school communication and support** on audit scope areas to help with pushing forward process improvements
2. **Risk Assessment Discussions** with key stakeholder to expand school audit coverage, including updated work plan
3. **Develop Executive Reporting** to provide reporting metrics/results of school audit reports
4. **Audit Follow Up Process** - more formalized and extended follow-up on prior school audits to drive change
5. **Enhanced Data Analytics, Layered with Uniform Audit Coverage** to provide uniform coverage while addressing high-risk areas through a quantitative approach to audit planning
6. **School audit scope restructure** (see chart to the right)

Additional Scope Areas to Include:

Safety & Security

- Verify Process
- Volunteer Process
- Water Safety (aquatics)

Facilities

- Expand review of visitor check-in
- Number of students in classroom in line with state code

Student Wellness

- Medical Equipment (defibrillators)
- Sports Equipment
- Epi-pen expiration

School Audits 2Q FY2019 Update

Below are the FY19, Q2 school audits:

Audit Type	Audits	Satisfactory	Needs Improvement	Unsatisfactory
Principal Transition Review	7	0	4	3
Limited Scope	2	0	0	2
FY18 Full Scope Final Reports	3	1	2	0
Totals	12	1	6	5

Common School Audit Findings

Audit Finding	Risk
Check Requisition Not Approved Prior to Purchase	Unauthorized or Unallowable Purchases
Unsupported Cash Disbursements	Misappropriation of Funds; Poor Records Management
Check Requisition Not Approved by the Principal and/or LSC	Unauthorized or Unallowable Purchases
Unsupported Cash Receipts and Fundraisers	Misappropriation of Funds; Poor Records Management
Untimely Submission of Cash Receipts	Funds Are Lost/Stolen
Improper Account Allocation of Cash Receipts	Misappropriation of Funds; Poor Records Management
Unreconciled Cash on Hand	Misappropriation of Funds; Poor Records Management

Principal Transition Reviews:

New Principals may request a review of their school's financial records to obtain recommendations for improvement going forward.

Principal Transition Review Scope Areas:

- Internal Accounting
- Cash Receipts
- Cash Disbursements
- Procurement

Audit Follow Up:

- Followed up on a total of **78 audits** (FY18: 73 ; FY19: 5)
- Received responses from 24 Schools from which 22 confirmed Management Action Plans have been implemented; 2 are being finalized.
- Next Steps: continue to follow up with remaining schools via additional emails/calls.