

Summary OIPA Proposal in order of priority:

1. ACH Audit (roll-over audit)
2. PCard Audit (roll-over audit)
3. ASB/SBF Funds Audit
4. Facilities Usage/Building Rentals
5. Health and Safety Checks Audit**

**The Health and Safety Checks Audit will only be done if students begin to attend in person classes during the 2020-21 school year. If that happens, Health and Safety Checks Audit will take priority over the other audits that are underway.

Proposed November 2020 -June 2021 Audit Plan

| Operational Areas / Programs | 2016 Risk Assessment | | SoS Audit |
|---|----------------------|---------|-------------------|
| | Inherent | Control | |
| 1. PCard Audit | n/a | n/a | Recommendation #6 |
| <p>Objectives/Goals: To allow government employees to easily make purchases without having to request preapproval, which has reduced administrative burden, and also take advantage of a 1.7% rebate on standard card purchases.</p> <p>Summary: The Secretary of State (SoS) reported that their review of card transactions from July 2016 through March 2018 found the controls fall short of controls used by the State of Oregon and some other school Districts. With 385 cardholders, the District has more cards in circulation and more spending than other large Districts in Oregon.</p> <p>Risks: Fraud, waste, and abuse can occur when there is no thorough review of card purchases; documents are not verified to support purchases; verification for the business purpose of expense is not validated; insufficient category is not defined for tracking expenditures; or PCard is used inappropriately.</p> <p>Planning: This area was selected to ensure the new guidelines, review process, and department audit of PCard purchases that took effect in April 2019 were implemented and that the operations controls are working effectively and efficiently.</p> <p>Timing: This is a roll-over audit from the 2019-20 Audit Plan. This audit is currently underway.</p> <p>Estimated Hours: 400</p> <p>Assessment/Audit Scope, includes but not limited to:</p> <p>The items listed below were the steps taken by the department after the Secretary of State audit. The review will be to validate the new processes were implemented and:</p> <ol style="list-style-type: none"> 1) Management developed monthly report for reporting all infractions. 2) Infraction audit team began monthly meetings to review prior month's infractions. 3) Restrictions were implemented for certain purchases. 4) New PCard Manual incorporating new infraction table, new MCC code restrictions, updated list of prohibited and permitted purchases, and new guidance around certain purchases was created. 5) Management developed new set of template emails to notify cardholder, supervisors, and HR (as applicable) of infractions and disciplinary action. 6) Training materials for implementation of supervisor approval process in Bank of America Works was developed. 7) Auditor will randomly select reports reviewed by managers and validate reviews performed by the department were in accordance to the department policy and procedure. | | | |

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|---|----------------------|---------|-----------|
| | Inherent | Control | |
| 2. ACH Audit | N/A | N/A | N/A |
| Objectives/Goals: To determine if the internal controls implemented by management in response to the fraudulent ACH transaction are in place and operating as intended to safeguard District funds. | | | |
| Summary: In August of 2019, there was a fraudulent ACH transaction. The District was able to recover all funds. In response, District management has taken actions to strengthen internal controls around the processing of ACH transactions. The audit will determine if the internal controls are in place and operating as intended to safeguard District funds. | | | |
| Risks: Internal controls intended to strengthen the District's ability to protect District ACH transactions from fraudulent activities may not be in place or operating as intended leaving the District vulnerable to future fraudulent ACH transaction activities. | | | |
| Planning: In an Audit Committee meeting on October 9, 2019, Claire Hertz, Deputy Superintendent of Business & Operations, requested an audit of the internal controls implemented by management in response to the fraudulent ACH transaction. | | | |
| Timing: This is a roll-over audit from the 2019-20 Audit Plan. This audit is currently underway. | | | |
| Estimated Hours: 300 | | | |
| Assessment/Audit Scope, includes but not limited to: | | | |
| <ol style="list-style-type: none"> 1) To determine if there is appropriate segregation of duties related to ACH transactions. 2) To determine if appropriate access to the District's financial software is appropriate based on the staff's roles and responsibilities. 3) To determine if Finance Department staff have completed the required Fraud Awareness training (required annually). 5) To determine if internal controls related to ACH transactions agree to best practices. 6) To determine if internal control related to ACH transactions are in place and operating as intended to safeguard District funds. | | | |

| Operational Areas / Programs | 2016 Risk Assessment | | SoS Audit |
|--|----------------------|---------|-----------|
| | Inherent | Control | |
| 7. ASB/SBF Funds Audit (Associated Student Body/ Student Body Funds) | N/A | N/A | N/A |
| Objectives/Goals: To determine whether the District has adequate internal controls to ensure the complete and accurate accounting, tracking, and safeguarding of student body funds. | | | |
| Background Information: School principals provide oversight and are responsible for ensuring that student body funds are spent for the general welfare of the student body. While each school principal has the ultimate responsibility for all activities at the school site, many responsibilities for student body funds management function may be delegated to the office manager or other staff members. | | | |
| Risks: There is high risk/opportunity for fraud in this area with lack of competent accounting skills and lack of effective controls in the schools. | | | |
| Planning: The Student Body Funds was an item that was on the 2016 Risk Assessment and was rated as being a high risk area. The policies and procedures (P&Ps) that are in the PPS' Policies website have not been updated since 2002. The Deputy Superintendent also reported that there has not been an audit performed in this area. The engagement will be to evaluate the current processes and ensure that operations are working effectively and efficiently. This audit will be performed during school year to observe how funds are handled, recorded, tracked, and reported by staff, volunteers, and students. | | | |
| Estimated Hours: 600 | | | |
| Assessment/Audit Scope, includes but not limited to: | | | |
| <ol style="list-style-type: none"> 1) Review policy and procedure for handling student body funds. 2) Determine adequacy of training provided for cash handling. 3) Evaluate how funds are collected/recorded / reconciled at each fund raising event. 4) Obtain cash receipts or lists of students who were required to pay fees to the amounts collected. 5) Inquire how school principals are evaluating complete and accuracy of accounting of funds. 6) Determine if there is an effective oversight of all funds collected from fees/fund raising for all schools. 7) Evaluate recording of funds collected from fees and fund raisings, and expensed by students. 8) Determine if there is consistency in handling student body funds amongst all PPS. 9) Examine how PPS is receiving donations and how they are recorded. 10) Evaluate the processes in closing the books at the end of each school year. | | | |

| Operational Areas / Programs | 2016 Risk Assessment | | SoS Audit |
|---|----------------------|---------|-----------|
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| 11. Facility Usage/Building Rentals | N/A | N/A | N/A |
| Objectives/Goals: Determine whether internal controls are in place to ensure the proper categorization of either an official District event, or external organization events. | | | |
| Risks: There is a risk uses of school facilities events are not properly categorized as either official District events or external organization events. If external events are categorized as District events, there is a potential loss of rent revenue to the District. Even if the external events qualify to be rent free under District policy, there is still the risk of unnecessary costs to the District if the external organizations do not properly reimburse the District for items such as HVAC fees and custodial charges. In addition, external events not properly categorized as such, could subject the District to additional legal liability if accidents or injuries occur. | | | |
| Background Information: 3.30.011-AD CUB Waiver states the following: During a PPS fiscal year (July to June), PPS Title 1 Schools, PPS Comprehensive Supports and Intervention (CSI) Schools, and PPS Targeted Supports and Interventions (TSI) Schools shall be provided one fee waiver for up to eight consecutive hours (six hours for one or more events on a single day plus an hour before and after the event(s) for custodial opening, preparation, cleaning, and closure procedures) of overtime custodial coverage for PTA/PTO/Booster Club (Sponsor) sponsored event/s. During the six hour event(s) period, total attendance may not exceed three hundred (300) at any point in time. The school must have Title I, CSI, or TSI status at the time of the event(s) for this fee waiver to apply. The request for a fee waiver shall be made by the Sponsor when submitting the CUB permit request and shall be subject to the availability of custodian staff and the approval of process as noted in Section VI below. Fee for custodial coverage for one-time events in excess of eight hours will be charged to the user. | | | |
| Estimated Hours: 500 | | | |
| Assessment/Audit Scope, includes but not limited to: 1) Review of District policies and procedures related to facility usage/building rentals. 2) Testing facility usage/building rentals to determine if they are properly categorized as either an official District event or external organization events. 3) Determine if the District's policies and procedures related to facility usage/ building rentals are adequate to ensure that schools have the guidance necessary to properly account for their facility usage. 4) Determine whether schools that qualify for the CUB waiver are properly utilizing the waiver | | | |

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|---|----------------------|---------|-----------|
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| 9. Health and Safety Checks Audit | n/a | n/a | n/a |
| Objectives/Goals: To determine whether building (where students are attending) are in compliance with the building safety plan. | | | |
| Background Information: As the District begins to have students attending in person classes and/or activities compliance with the each buildings safety plan will be crucial to safeguarding the health and safety of District students and staff. | | | |
| Risks: There is a risk that building will not comply with the buildings safety plan which should lead to an increased risk of contracting the coronavirus. | | | |
| Estimated Hours: 200 | | | |
| Assessment/Audit Scope, includes but not limited to: 1) Review of the buildings safety plan. 2) Determination of whether the building is in compliance with the building safety plan. | | | |
| NOTE: The audit will not determine the adequacy of the building safety plan, it will only determine compliance with the building safety plan. Results of each building's compliance will provided to District administration within two days of the site visit to ensure timely feedback. | | | |