



## Proposed July 2019-June 2020 Audit Plan

PPS Office of Performance Audit shall adhere to the Generally Accepted Government Auditing Standards (GAGAS, also known as the Yellow Book). The 2018 revision of GAGAS for performance audits will take effect on or after July 1, 2019.

The proposed audit plan was determined based on the 2016 PPS District-Wide Operational and Business Services Risk Assessment (RA), Secretary of State (SoS) 2019 Audit Report, Board Meetings, recommendations by the Audit Committee, and from conversations with some PPS staff.

The order of the audit projects or engagements was based on recommendations by the Audit Committee, with consideration of current processes, availability of school staff members, and sufficient data to perform the audit or engagement. Other engagements are to be evaluated after new processes and procedures are implemented, and enough data can be gathered to determine operations effectiveness and efficiencies.

The engagements below will be performed sequentially but there is a chance that the audit plan may need to be adjusted in response to changes in PPS business, risk, operation, or resource limitation. Additionally, the hours indicated for each engagement are estimates only. Obstacles that will push out completion of engagements will be communicated with the Audit Committee.

### Risk Analysis Rating/Degree (from the 2016 Risk Assessment):

**Very high - 5** - Management has either not recognized the need to develop and implement practices, policies and procedures or has just begun to establish them. Individual expertise in assessing internal control adequacy is applied on an ad hoc basis. The organization lacks procedures to monitor internal control effectiveness. Management internal control reporting methods are absent.

**High - 4** - The organization uses informal processes to initiate corrective action plans. Internal control assessment is dependent on the skill sets of key individuals. The organization has an increased awareness of internal control monitoring. Some methodologies and tools for monitoring internal controls are used, but the potential for serious incidents to occur is likely.

**Moderate - 3** - Management supports and institutes internal control monitoring. Some policies and procedures are developed and some best practices are applied. Tools are being used, but are not necessarily integrated into all processes. Some level of risk and the potential for negative outcomes exist.

Operational Areas / Programs 2019-2020 Audit Review	2016 Risk Assessment		SoS Audit
	Inherent	Control	
<b>Control on PCard Purchases</b> The PCard allows government employees to make purchases without the administrative cost of processing reimbursements or handling petty cash.	n/a	n/a	Recommendation #6
<b>Objectives/Goals:</b> 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.			
<b>Summary:</b> 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.			
<b>Risks:</b> 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 validated; insufficient category is not defined for tracking expenditures; or PCard is used inappropriately.			
<b>Planning:</b> 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.			
<b>Timing:</b> The work will commence upon board approval.			
<b>Type of Performance Review:</b> Validation			
<b>Degree of Complexity of Assessment:</b> Medium			
<b>Estimated Hours:</b> 240			
<b>Assessment/Audit Scope, includes but not limited to:</b> 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 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.

Operational Areas / Programs 2019-2020 Audit	2016 Risk Assessment		SoS Audit
	Inherent	Control	
<b>Contracts</b> are for professional services to help improve student performance.	n/a	n/a	Key Finding #4
<b>Objectives/Goals:</b> Contracts are intended to help improve student performance, particular the most vulnerable students.			
<b>Summary:</b> Contracts need to be evaluated to determine if they are improving student performance, as they are intended for. PPS needs to incorporate best-practice performance management, including setting quantitative and qualitative performance expectations in contracts, establishing baseline measurements, and providing timely and constructive feedback to grantees.			
<b>Risks:</b> Contracts that are not helping achieve student performance are wasted dollars/inefficient spending, as well as risk of negative public perception when goals and objectives are not met.			
<b>Planning:</b> The audit will be to evaluate whether contracts, often intended for vulnerable students, are improving student performance; that there is effective oversight of all alternative education contracts; and that there are effective measurements to track student progress.			
<b>Timing:</b> The work will commence upon board approval.			
<b>Type of Performance Review:</b> Audit			
<b>Degree of Complexity of Assessment:</b> High			
<b>Estimated Hours:</b> 600			
<b>Assessment/Audit Scope, includes but not limited to:</b>			
<ol style="list-style-type: none"> <li>1) Identify various contracts for students' success and determine criteria for selection of contracts.</li> <li>2) Analyze contracts, trends in services provided, and identify potential savings.</li> <li>3) Examine data used to determine contracts are improving student performance outcomes as they are intended for.</li> <li>5) Compare PPS' contracts with local districts and determine if there may be cost savings with implementation of contract partnership with certain providers or vendors.</li> <li>6) Examine if contracts were submitted to the Board for review and approval.</li> </ol>			