



**Audit Highlights: Contracts Audit - Contract Management of Personal Service Contracts**

**Why this audit is important**

Effective management of personal service contracts, specifically those for direct, ongoing, intensive instructional and support services (e.g., mentoring, after-school programming, and family outreach services) to students and their families with the goal of raising student achievement, demonstrates the school district’s commitment to the Portland Public Schools (PPS) Core Values that guide action towards achieving the PPS Vision.

One of the ten PPS Core Values states:

**Partnerships and Collaborations:** *We believe that together, we know we can achieve a great deal, and that by leveraging the collective actions of a group of committed stakeholders, we can achieve our Vision.*

**PPS Vision:** *A graduate of Portland Public Schools will be a compassionate critical thinker, able to collaborate and solve problems, and be prepared to lead a more socially just world.*

**Audit objective**

To provide a comprehensive analysis of the school district’s contracts for professional services and determine whether the school district is:

1. Compliant with applicable school district policies and procedures,
2. Compliant with the terms and conditions of personal services contracts, and
3. Taking appropriate steps to implement a comprehensive and systematic approach to improve performance management of personal services contracts.

**Audit results**

The audit report, issued by the school district’s Office of Internal Performance Audit, found overall the school district is compliant with applicable school district policies and procedures, terms and conditions of personal service contracts, and is taking steps to improve performance management of personal services contracts. However, the audit identified instances of noncompliance and also found more needs to be done to implement a comprehensive and systematic approach to improve performance management of personal services contracts. Listed below are the three primary contributing factors to the noncompliance identified in the audit report:

- Inadequate oversight of contract management responsibilities,
- Lack of detailed guidance and expectation of contract management responsibilities, and
- More resources are necessary for Contract Managers to perform contract management responsibilities as expected.

**Promising Developments**

Over the last year, the school district’s Senior Advisor on Racial Equity and Social Justice (RESJ) performed a review of the school district’s RESJ Partnership contracts that focus on providing PPS students with culturally specific services to support student learning and academic outcomes. For the 2019-20 school year, this portfolio of contracts included 19 contracts for approximately \$4.7 million, which accounts for approximately 28 percent of the school district’s personal service contracts. This review led to the development of the PPS RESJ Partnership Investment Strategy, which aligns the school district’s investments in RESJ Partners with the school district’s vision and core values. In April 2020, the school district issued a request for proposal (RFP) for RESJ Partners for the 2020-21 school year. The RFP invites respondents to submit proposals that outline a proposed scope of services that aligns with the strategies detailed in the PPS RESJ Partnership Investment Strategy. In Objective three of the audit report, it is explained how the school district’s plans for the 2020-21 school year RESJ Partners specifically addresses recommendations previously made by the Secretary of State’s Audit Report issued in January of 2019.

While it is too early to determine the effectiveness of these contracts, the Office of Internal Performance Audit commends the school district for re-imagining its contracting practices with RESJ Partners and taking this step forward in its continuous improvement efforts.

**Recommendations**

The audit includes 20 recommendations to the school district related to the development and implementation of internal controls that will ensure there is adequate oversight of contract management responsibilities, and Contract Managers have adequate resources including detailed guidance and expectations to perform contract management responsibilities as expected. The school district agreed 11 recommendations, partly agreed with seven, and partly disagreed with the remaining two. The school district will present an implementation plan to the Audit Committee within the next 60 days that identifies specific steps that will be taken to implement the recommendations.