



Office of Internal Performance Audit (OIPA)

Annual Report

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About the Office of Internal Performance Audit

State and local governments can enhance credibility with taxpayers by implementing performance audits to support accountability and ensure tax dollars are spent as effectively as possible.

The Office of Internal Performance Audit (OIPA) was created by the Portland Public Schools (PPS) Board of Education (Board) in the fall of 2018. The authority of the OIPA is described in PPS Board Policy, District Performance Auditing (1.60.040-P) and the PPS Internal Performance Audit Charter, approved by the PPS Board in October 2019.

PPS performance auditing is an objective and systematic examination of evidence to provide an independent assessment of a government organization, program, activity, or function. The goal of these audits is to improve program effectiveness; improve the equity of service delivery; provide useful, objective, and timely information; strengthen administrative and management systems and controls; facilitate decision-making by parties with responsibility for overseeing or initiating corrective action; and improve student achievement District-wide. The objectives of performance audits vary, but generally address whether PPS is operating economically and efficiently, and/or whether it is achieving desired results.

The purpose of the internal performance audit function is to help improve the accountability and performance of PPS through independent auditing and reporting.

OIPA reports directly to the PPS Board and the Board's Audit Committee. This reporting structure was established to ensure the OIPA remains independent of PPS Management. Independence is essential to ensure that audit results are objective, and are communicated directly to the PPS Board. OIPA provides recommendations only, and does not have any authority to implement operational policies or procedures on behalf of the District.

OIPA is led by the Senior Internal Performance Auditor, Janise Hansen, CIA, hired by the PPS Board in September 2019. Janise has more than 10 years of experience auditing school districts including employment at Seattle Public Schools as a Senior Internal Auditor and at the Washington State Auditor's Office as an Assistant Audit Manager. In addition to Janise, the OIPA office staff includes Mary Catherine Moore, Internal Performance Auditor, who was hired in March 2019.

Audit Standards

The OIPA adheres to very rigorous and demanding professional auditing requirements described in Generally Accepted Government Auditing Standards, or more commonly referred to as GAGAS or the Yellow Book.

To meet audit standards, auditors are required to complete 80 hours of continuing professional education every two years.

Audit Reports

Audit reports as well as the status of implementation of recommendations are posted on the PPS web site and can be viewed at: [PPS Audit Reports](#)

Performance Measures

The OIPA's performance is measured by reviewing results in the following areas:

- Number of audits completed per full time equivalent (FTE) employee; and
- Rate of management's agreement with recommendations
- Rate of recommendation implementation
- Auditee Survey Results

Audits Per FTE

One way to measure efficiency is by looking at the number of audits completed per full-time equivalent (FTE) employee.

Below are the number audits issued in the last six years:

- Fiscal Year 2019-20: one audit issued
- Fiscal Year 2020-21: one audit issued
- Fiscal Year 2021-22: three audits issued
- Fiscal Year 2022-23: one audit issued
- Fiscal Year 2023-24: one audit issued
- Fiscal Year 2024-25: no audits issued

The length of each audit is affected by the complexity of the audit topic and audit scope.

The OIPA's target is to complete three audits per fiscal year (one and a half audits per FTE each year). Although we have not always met this target we are working to meet the goal consistently. Smaller scoped audits should help improve our efficiency in the coming year.

For the 2025-26 school year, OIPA provided the draft the English Language Learners – Compliance Audit to management this week and plan to deliver the audit results in our next Audit Committee meeting. Additionally, we have more than half of the testing completed for the Measure 98 Audit and anticipate the audit will be completed and delivered to the Audit Committee in January or February of 2026.

OIPA would also like to acknowledge the completion of what we call the Standard Audit File. For small internal audit departments like ours (two FTE), the cost of software programs designed for the documentation of internal audit's process and procedures can be significant. As a result, we have developed the Standard Audit File which provides us with a formal framework that standardizes our audit procedures and documents our compliance with applicable audit standards. The development of the Standard Audit File has taken several years, but will provide OIPA with efficiencies for each audit we conduct into the future. Further the development of the content we included in the Standard Audit File is required by audit standards and necessary for us to pass a peer review.

Rate of Management's Agreement with Recommendations

The percentage of recommendations management agrees with, helps to determine the impact of the audit. The OIPA's target is management agrees with 75 percent of the recommendations.

During the last six fiscal years (listed above) OIPA issued a total of 45 recommendations; management agreed with 43 and disagreed with two. This is a 95.5 percent rate of recommendations management has agreed with.

Recommendation Implementation Rate

The percentage of recommendations implemented helps to determine the impact audits have on the school district. The OIPA's target is a 75 percent recommendation implementation rate within five years of the date the audit report was issued.

Typically, once a year, management report on the status of the implementation of recommendations to the Audit Committee. When management reports a recommendation has been implemented, OIPA confirms the implementation of the recommendation. Only recommendations OIPA has confirmed as implemented are included in the recommendation implementation rate. Of the 45 recommendations made, OIPA has confirmed the implementation of 25 of the 45 recommendations made. This places the overall implementation rate at 56 percent.

One audit, the Contracts Audit issued in June 2020 has been issued for five years, and only 11 of the 20 recommendations have been implemented. This is a 55 percent recommendation implementation rate.

In the significant findings not fully addressed by management section below, we suggest the Audit Committee request responsible managers to report on the status of the implementation of the Contracts Audit recommendations quarterly until implementation has been completed.

Significant Finding Not Fully Addressed by Management

Per Board Policy 1.60.040-P titled District Performance Auditing, OIPA's annual report should include significant finding which have not been full addressed by management. Only the outstanding Contracts Audit recommendations fall into this category.

The objective of the Contracts Audit, issued in June 2020, was to provide a comprehensive analysis of District contracts for personal services and to determine whether the school district is:

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

The audit focused on personal service contracts that provide direct support to students.

There are 11 outstanding recommendations and we would like to draw attention to the following five recommendations that are significant:

1. Contracts Audit Recommendation 3: We recommend the school district develop and implement internal controls that will ensure a thorough and robust review and evaluation of the contract's performance is completed and documented prior to deciding whether or not a similar contract should be negotiated in the future.
2. Contracts Audit Recommendation 4: We recommend the school district develop and implement internal controls that will ensure all contract include appropriate and specific deliverables, performance measures, expected outcomes, how the performance of the contract will be measured and reporting requirements tailored to the particular contract.
3. Contracts Audit Recommendation 8: We recommend the school district develop and implement internal controls that will ensure:

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- Evidence of deliverables identified in the contract's scope of work are achieved/delivered, and
 - Reports obtained by the school district as evidence of deliverables include all required information, agree with PPS data, and all required reports are obtained (i.e. all four of the four report are obtained).
4. Contracts Audit Recommendation 9: We recommend the school district develop and implement internal controls that will ensure contract management responsibilities are performed.
 5. Contracts Audit Recommendation 17: We recommend the school district develop and communicate oversight of contract management responsibilities, including how performance of contract management responsibilities will be evaluated.

Management agreed with these recommendations with the exception of recommendation 17 which management partly disagreed with stating:

In most cases, the responsibility of contract management is not specific to a job. For example, we may have an Academic Program Manager who has responsibility for a contract but the majority of individuals who are Academic Program Managers do not have this responsibility. We do not have the ability to track every single assigned duty in a job description.

Instructional Leadership partly agrees with the recommendation to include contract management in performance evaluation. Depending on the contract manager and the situation, contract management will only be included in performance evaluations were appropriate.

RESJ Leadership partly agrees that contract managers for RESJ partnerships will provide oversight and compliance duties related to the deliverables in each contract assigned. Overall efficacy and evaluation of the impact of the RESJ strategies will be done in collaboration with the Instructional Leadership, the Office of Systems Performance and district leadership.

As detailed in the Contracts Audit report, we identified three key contributing factors to the noncompliance identified in the audit:

- 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.

Over the last several years, it has been the practice of the Audit Committee to ask responsible managers to provide the status of the implementation of audit recommendations once a year. For the Contracts Audit, we believe additional support from the Audit Committee may be needed to ensure the implementation of the recommendations. Moving forward, we suggest the Audit Committee request responsible managers to report on the status of the implementation of the Contracts Audit recommendations quarterly until implementation has been completed.

Auditee Feedback Survey

The OIPA developed the Internal Performance Audit Feedback Survey. The survey will be provided to PPS staff members who were directly involved in the audit. The survey is set up so responses to the survey are anonymous.

Below is a list of questions that are included in the survey:

1. OIPA auditors solicited feedback from you and your team and considered your input throughout the audit.
2. The audit objectives, purpose, and scope of the audit were clearly communicated.
3. The scope of the audit (i.e., the processes, activities, period of coverage was sufficient and key risks were covered).
4. The auditor's requests for information were reasonable and clearly communicated.
5. OIPA auditors appeared fair, reasonable, and objective throughout the audit and offered quality feedback.
6. OIPA auditors took actions to minimize the impact on your daily operations (e.g., provided meeting agendas, coordinated mutually agreeable meeting times, and started and finished meetings on time).
7. Audit observations and results of the audit were communicated fairly, clearly, accurately, and in a timely manner.
8. Any concerns you brought to the OIPA auditors were addressed and differences of opinion, if any, were resolved before the final audit results were communicated.
9. The results or outcome of the audit added value to your department by providing feedback and recommendations on improving your operations and internal controls.
10. Were there aspects of the audit that you were particularly pleased with?
11. Were there aspects of the audit that you would like to see changed?
12. If you would like to be contacted by OIPA or the Chair of the Audit Committee to discuss this survey, please indicate below and provide contact information.

For questions one through nine of the survey, there is a choice to select from the following choices to answer the question:

- Excellent
- Good
- Fair
- Poor
- N/A (not applicable)

Questions 10 and 11 are open ended questions so there is space available to provide a response. For question 12, no response is required unless they would like to be contacted.

Results:

The surveys were conducted and summarized by the Chair of the Audit Committee to ensure the feedback provided remains anonymous. 65 percent of the of the feedback was either excellent or good with the remaining 35 percent as fair. Feedback from open ended questions were summarized by the Chair of the Audit Committee and discussed with the Office of Internal Performance Audit.