

June 25, 2019

To: PPS Board of Education
From: Mary Catherine Moore, PPS internal performance auditor
Subject: Proposed 2019-20 Internal Performance Audit Plan

PPS Policy requires the internal auditor to recommend an audit plan to the Audit Committee. 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 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 in the Audit Plan 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.

When conducting these audits, the 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.

In developing the proposed 2019-20 Audit Plan, here are the steps that were taken:

- Reviewed the 2016 Risk Assessment and identified the areas that had very high (#5) inherent risks. (See attached RA)
- From the RA, areas that referenced the support for the schools, principals, educators, and student progress and achievements were identified.
- In addition the 2019 Secretary of State (SoS) audit report was reviewed; it emphasized supports to the principals, educators, and measurement of student achievements. At various Board meetings, these were also discussed, and the decision was made to primarily focus on these areas from the SoS audit.
- The SoS audit focused on PCard procedures and practices, and this audit review was added to the plan due to the major changes in the processes and it is to assure that the controls that were implemented effective in April are operating effectively.
- The Student body funds was also included as this was identified as very high risk on the RA and it was also an area that was recommended at a Institute of Internal Auditors training.
- On the auditor's original proposed audit plan draft, the focus areas were:
 1. Accountability/Governance
 2. Performance measures
 3. Support system for educators
 4. Contracts for services to help improve student performance

5. Control on PCard purchases
6. Student body funds

- The proposed audit plan was presented to the Audit Committee (AC) on May 8th, a meeting with all Audit Committee members in attend. The Committee reviewed the auditor's recommended plan and the timing of when to perform the audits was discussed due to the changes in operations currently underway.
- At this meeting, Director Paul Anthony reported that the State will start scrutinizing the English Second Language programs regarding volume of data, types of accounting, and student performance particularly in underserved schools. It was also reported that the state has flagged the issue of student attendance, wanting reasons for absences, and what the district is doing to address absenteeism issue.
- The two additional topics that were brought to the May 8th meeting were added to the proposed audit planning document, and they will be considered in future years as potential audit topics.
- On May 16th, there was a meeting with Deputy Superintendent Claire Hertz to determine the timelines to perform the audits and they were sequenced to allow time for the new processes to be completed and implemented, and also to allow time for the new performance auditor to learn the PPS operations before performing complex audits.
- As far as the estimated hours for each topic, Kari Guy, City of Portland Audit Services Director, PPS Community Board member was consulted and provided guidance on the hours estimation.

For details on risks identified, planning, degree of complexity of assessment, estimated hours to perform the audits, and scope of the audits, please see the Proposed Audit Plan.

Please let me know if you have questions or need additional information.

Thank you,

Mary Catherine Moore