

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 a few PPS staff members/teachers.

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		SoS Audit
	Inherent	Control	
#1) Support System for Principals is to provide coaching and support to principals and teachers particularly at high-poverty schools.	n/a	n/a	Recommendation #19
Objectives/Goals: The new structure is to better support schools and communities, and enhance coaching and embedding practices of instructional excellence. The goal is also to increase principal competency and reduce turnover of principals.			
Summary: The newly designed structure aims at increasing the amount of school visits and principal mentorship by more than 50% compared to the previous structure.			
Risks: Lack of District leadership support to principals can affect accountability, reduce quality, and lose trust and confidence between school based			

leaders, educators, and District administration.

Planning: This engagement was selected as the Secretary of State indicated in the audit results that the Board should ensure that the District's strategic plan addresses challenges in the organizational culture, including the division between central administrators, principals, and teachers. They also stated: "PPS should prioritize development stability of effective principals by providing incentives and additional support, particularly at high-poverty schools." There currently are Area Assistant Superintendents who are assigned to support principals in various PreK-8 Schools and High Schools. The audit will include interviews with the Area Assistant Superintendent to verify the frequency of visits; if visits are tracked; how concerns or issues and feedback from principals are addressed and recorded; and determine the impact it has made to the principals and vice principals.

Timing: This will be the initial audit or engagement as the system support for Principals started two years; there is sufficient data that can be utilized for review.

Type of Performance Review: Audit

Degree of Complexity of Assessment: Medium

Estimated Hours: 500

Assessment/Audit Scope includes, but not limited to:

- 1) Evaluate roles and responsibilities of the Area Assistant Superintendents and Area Senior Directors.
- 2) Inquire and inspect tracking record of school visits and outcomes.
- 3) Compare data from the previous structure to the new structure to determine results and improvement.
- 4) Interview principals to get feedback regarding the new structure, particularly at high-poverty schools. (SoS stated on page 25, Obstacle 4: "Everybody wants to help," at Title I schools, one administrator told us, "but pretty soon the principals just want to run when they see 'help' coming."). Need to understand why the principals feel this way.
- 5) Interview leaders of PPS' teachers' union, the Portland Association of Teachers (PAT), to get their views.

Operational Areas / Programs 2019-2020 Audit Review	2016 Risk		SoS Audit
	Inherent	Control	
#2) Control on PCard Purchases 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
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.			
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.			
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 validated; insufficient category is not defined for tracking expenditures; or PCard is used inappropriately.			
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.			

Timing: This engagement will be performed in October or November 2019 so there will be at least six months of data for review.
Type of Performance Review: Validation
Degree of Complexity of Assessment: Medium
Estimated Hours: 240
<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.

Operational Areas / Programs 2019-2020 Audit Review	2016 Risk		SoS Audit
	Inherent	Control	
#3 Performance Measures is crucial to measure students performance and identify students who are struggling and require additional support. (2016 RA#27 "Priority Setting")	4	3.8	Recommendations #17, #18, #26a
<p>Objectives/Goals: To measure students performance and identify students who are struggling or underperforming, determine the root cause or struggled areas, what changes are hindering student performance, and provide assistance or additional support to increase students' achievement.</p>			
<p>Summary: Although PPS has seen substantial improvement in graduation rates, PPS is still behind most national comparison districts. Substantial achievement gaps based on race and economic status remain. As far back as 1998, contracted audits have suggested better tracking of student performance.</p>			
<p>Risks: Lack of or ineffective monitoring and evaluation of student performance will continue to lag. Students graduating from high school with low academic scores will not prepare them for college, career, or bright adulthood.</p>			
<p>Planning: The Secretary of State emphasized on monitoring and improving students' academic achievements. There currently are performance measurements that are used to track students' progress. The audit is to determine if there are performance measures to help students who are struggling academically, particularly in low income schools, and evaluate how students are monitored to ensure they are making or continuing to make progress.</p>			
<p>Timing: It was reported by the Deputy Superintendent that this is in the middle of the strategic plan. Goals are currently being created, which will be presented to the Board in July 2019, and adopted by Fall 2019. The plan will be to perform the audit after January 2020, when there is sufficient data measurement for review.</p>			
Type of Performance Review: Audit			

Degree of Complexity of Assessment: High
Estimated Hours: 600
Assessment/Audit Scope includes, but not limited to: 1) Identify resources, tools, metrics, and measurements to track students performance. 2) Examine data that is captured. 3) Verify the frequency of data review. 4) Determine how the current measurements/results are communicated. 5) Determine adequacy of action taken with the results. 6) Evaluate if students who are struggling academically are receiving additional support, particularly in low income schools, and how they are monitored to ensure there is continuous progress. 7) Interview teachers to get their views on how students are progressing.

Operational Areas / Programs 2019-2020 Audit Review	2016 Risk		SoS Audit
	Inherent	Control	
#4) Contracts are for professional services to help improve student performance.	n/a	n/a	Key Finding #4
Objectives/Goals: Contracts are intended to help improve student performance, particular the most vulnerable students.			
Summary: 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.			
Risks: 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.			
Planning: 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.			
Timing: A Senior Advisor was recently hired by the Superintendent. The Advisor will be working with contractors for students' success and is currently in midstream of changing practices. The engagement will be performed in the last quarter of school year 2019-2020 to gather enough data to evaluate results.			
Type of Performance Review: Audit			
Degree of Complexity of Assessment: High			
Estimated Hours: 600			
Assessment/Audit Scope includes, but not limited to: 1) Identify various contracts for students' success and determine criteria for selection of contracts. 2) Analyze contracts, trends in services provided, and identify potential savings. 3) Examine data used to determine contracts are improving student performance outcomes as they are intended for. 5) Compare PPS' contracts with local districts and determine if there may be cost savings with implementation of contract partnership with certain			

- 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.
- 6) Examine if contracts were submitted to the Board for review and approval.

Other Proposed Future Audits			
Operational Areas / Programs 20xx-20xx Audit Review	2016 Risk		SoS Audit
	Inherent	Control	
#1) Measure 98 directs state funding to high school programs for dropout prevention, improve students' progress toward high school graduation, and college readiness and career training.	n/a	n/a	n/a
Objectives/Goals: The goal of Measure 98 is to improve Oregon's graduation rate and provide students with more opportunities for career readiness, and also to prevent students from dropping out and keep them on track to graduate in all Oregon high schools.			
Summary: Measure 98, formally called The Oregon State Funding for Dropout Prevention and college Readiness Initiative, would require the Legislature to appropriate at least \$800 per high school student, per school year, for districts to create or expand college-level education opportunities, career and technical education program and drop-out prevention strategies.			
Risks: Failure to meet required guidelines under Measure 98, not having a data management system that provides timely reports on students grades or progress, and unsuccessful reduction in chronic absenteeism is an inefficient use of the state funds and creates a negative image for PPS.			
Planning: Although the law does not require the first audit of Measure 98 until December 2020, the Board wants to ensure that the implemented processes are in compliant with the requirements of the measure. The audit will include review of how funds are monitored for the three programs, identify strategies that were implemented to prevent chronic absenteeism, increase graduation, and review measurements that are used to determine and track students' progress, and identify measures used to assist students who struggle academically and/or continue to with absenteeism.			
Timing: This engagement will include all high schools. The review will be performed in the second tier/year of the Performance Auditor to provide ample time to learn PPS Operations.			
Type of Performance Review: Audit			
Degree of Complexity of Assessment: High			
Estimated Hours: 700			
Assessment/Audit Scope includes, but not limited to:			
1) Inquire if there are policies and procedures for the three programs.			
2) Evaluate the implementation of activities to prevent or reduce chronic absenteeism.			
3) Evaluate the management systems that provides timely reports on students' grades, achievements, and absences.			
4) Evaluate the disciplinary actions by schools to address the absenteeism issue.			
5) Inquire if reasons for students absenteeism are recorded for trending purposes and also to help identify the appropriate resources to help students or families.			
6) Determine effectiveness of performance measurements to track progress for all three programs.			

Operational Areas / Programs 20xx-20xx Audit Review	2016 Risk		SoS Audit
	Inherent	Control	

2) English Second Language program is to help improve learning outcomes for English Learners (ELs).	n/a	n/a	n/a	
Objectives/Goals: It is crucial to the future of our nation that these students, and all students, have equal access to a high-quality education and the opportunity to achieve their full academic potential.				
Summary: To comply with the legal obligations under Title VI of the Civil Rights Act of 1964 (Title VI), public schools must take affirmative steps to ensure that students with limited English proficiency (LEP) can meaningfully participate in their educational programs and services.				
Risks: There are standardized entrance and exit procedures for ELs, scoring requirements, timeline by which ELs must be identified, and reporting requirements under the 2016 EL Guidance. Not meeting requirements causes PPS to be non-compliant and cause negative outcome.				
Planning: This audit or engagement was selected, as it was reported by a Audit Committee member that the State will be scrutinizing ESL starting this summer. The audit will consist of review of policy and procedure, review of assessment timelines, proficiency of assessment, and other areas indicated in the audit scope listed below. This engagement will be of great scope or range as it will be in every school, PreK-12th grade.				
Timing: This engagement will not be performed until the second year of the Performance Auditor. It is to allow the Auditor to learn the PPS Operations before undertaking a complex project.				
Type of Performance Review: Audit				
Degree of Complexity of Assessment: High				
Estimated Hours: 800				
Assessment/Audit Scope includes, but not limited to: <ol style="list-style-type: none"> 1) Perform research for best practice on ESL. 2) Review Policy and Procedure to determine if it is in compliant to the Oregon Department of Education (ODE) policy. 3) Review data for tracking students' performance, particularly in underserved schools. 4) Evaluate record keeping of identified EL and review timeline to ensure ELs were assessed within 30 days of enrollment, as required under section 3113(b)(2) of the Elementary and Secondary Education Act of 1965 (ESEA). 5) Evaluate how ESL central personnel (TOSA and/or AD) evaluates students' progress. 6) Determine if the criteria for assessment of English language proficiency is in alignment to Oregon's English Language Proficiency Assessment (ELPA21) or promotion (or portfolio) process. 7) Evaluate if ELs who were exited from an EL program received a proficient score on Oregon's ELPA21, this includes English Learner Students with Disabilities (ELSWD). 8) Evaluate if current Executive Numbered Memo was used for reclassification and retention procedures for ELs. 				
Operational Areas / Programs 20xx-20xx Audit Review		2016 Risk		SoS Audit
		Inherent	Control	
#3) Student Body Funds represent monies held on behalf of students, resulting from a combination of fundraising and fees. Amounts are to be spent by students for students.		n/a	n/a	n/a
Objectives/Goals: To provide for complete and accurate accounting, tracking, and safeguarding of student body funds.				
Summary: 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.

Timing: This engagement will be the third audit for year 2020-2021. During the planning of audits for 2020-2021, the new plan that is being created in 2019 by the Deputy Superintendent and Chief Engagement Officer with the various organizations for associated student body funds will reviewed and determined if it will be added to the scope of this particular audit engagement or if it will be a separate audit subject. There might also be a chance that this may be pushed out to the 2021-2022 audit plan due to the complexity of the first two audit subjects that have been selected for the 2020-2021.

Type of Performance Review: Audit

Degree of Complexity of Assessment: Medium or High

Estimated Hours: 500-800

Assessment/Audit Scope includes, but not limited to:

- 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.

Other Proposed Future Audits			
Operational Areas / Programs 20xx-20xx Audit Review	2016 Risk		SoS Audit
	Inherent	Control	
1) Accountability (2016 RA #1) is a top-down concept that starts with the Board and extends through the Superintendent to all District personnel by the establishment of clear communications and a system of clear cause and effect.	5	4.6	Recommendation #26
Governance (2016 RA #7) is a function that sets directions, provides support, ensures accountability, and providing leadership.	5	4.56	Recommendation #26

<p>Objectives/Goals: <u>Accountability:</u> To provide an environment of accountability to accomplish District goals and objectives and the processes necessary to achieve them. <u>Governance:</u> to establish policy, directions, and accountability to enable PPS personnel to accomplish the District's established core missions.</p>
<p>Summary (from 2016 Risk Assessment): Although the District has articulated common attributes regarding instructional services, the development of silos within the District, the lack of communication of clear roles and responsibilities in certain areas, decentralization of some functions, lack of effective training and communications, turnover, and a lack of definite consequences for actions that do not align with the District's stated direction exist. The Board should ensure that the District administrators prioritize key steps to improve the efficiency and effectiveness of district operations.</p>
<p>Risks: An organization without accountability to stated processes, procedures, and policies intended to increase effectiveness and efficiency and achieve stated goals and objectives, is at significant risk in not meeting its core mission, as well as the risk of noncompliance and negative public perceptions when actions diverge from expectations.</p>
<p>Planning: This engagement was selected as governance and accountability were on the 2016 Risk Assessment as being high risk, and they were also addressed in the Secretary of State audit. It has been identified by the Board that the key to student success is the PPS' organizational culture. There needs to be clear expectations from the Board to Superintendent, leadership, and educators. The engagement will be to review PPS' established mission and priorities for a school year and evaluate how they are communicated, how performances are monitored, and what the District is doing to improve student achievements and performances, particularly at struggling schools.</p>
<p>Timing: The Board, Superintendent, and Leadership are using the strategic plan process to identify areas of highest need, have long-term investments and measurement of results, address inequities, build trust between central administrators, principals, and teachers, and a few other initiatives. Some of the new practices will not be adopted until Fall 2020; therefore, it is recommended that the audit be performed the following audit year, 2021-2022.</p>
<p>Type of Performance Review: Audit</p>
<p>Degree of Complexity of Assessment: High</p>
<p>Estimated Hours: 700</p>
<p>Assessment/Audit Scope includes, but not limited to:</p> <ol style="list-style-type: none"> 1) Identify the priorities for the District in regards to students' performances and equity especially in the underserved and high-poverty schools. 2) Determine if priorities were clearly communicated with the Superintendent and leadership team. 3) Determine if expectations were established and clearly communicated. 4) Verify if PPS leadership and educators clearly understood their roles, responsibilities, and expectations. 5) Determine adequacy of training for various roles and responsibilities to ensure District's wide goals are achieved. 6) Identify resources, tools, metrics, and measurements to track students' progress and outcomes.

Last revision date: 05/22/19; 06/05/19; 07/16/19