

# Staff Analysis and Report to the Board

**Date:** December 5, 2018  
**To:** The Board of Education  
**Subject:** District Performance Auditor Policy 1.60.040-P—Second Reading

## **BACKGROUND**

*(Include information related to the history of the item and any relevant timing issues)*

Staff proposed amendments to this policy to clarify that district auditors that are District employees report to the Audit Committee, but have an administrative reporting relationship to the Deputy Superintendent for Business and Operations for ministerial employment-related matters (e.g., paid time off, payroll processing, etc.). The proposed amendments also clarify that the Board retains the ultimate authority to hire, evaluate, and terminate the employment of the auditor. The proposed amendments also streamline

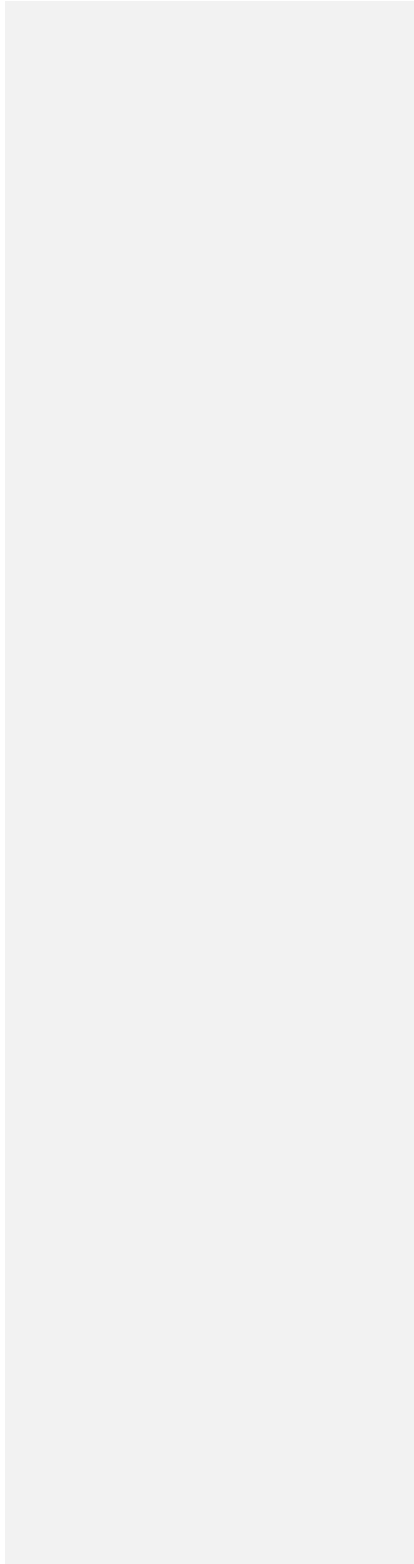
**COMMUNITY ENGAGEMENT (IF APPLICABLE)**

*(Review of all stakeholders, including students and union partners, involved in the development of the proposed policy or resolution)*



	BOARD POLICY DISTRICT PERFORMANCE AUDIT	1.60.040-P
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I. ~~Position Established~~ Office of Performance Auditor



approval, office space and supplies, paychecks, and reimbursements.

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III. Assistants and Employees

- A. The Office of Performance Audit shall be provided a separate budget (subject to available resources) sufficient to carry out the responsibilities and functions established in this policy.

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~~B. The auditor shall establish an organizational structure appropriate to carrying out the responsibilities and functions of this policy.~~

~~C.B.~~ Within budget limitations and consistent with ~~d~~ District policies and procedures, the

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~~VII. Funding~~

~~A. Funds sufficient to carry out the responsibilities specified herein shall  
be provided, subject to annual appropriation pursuant to local budget~~


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reports from audited entities



	<p><b>BOARD POLICY</b></p> <p><b>DISTRICT PERFORMANCE AUDITING</b></p>	<p><b>1.60.040-P</b></p>
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I. Office of Performance Auditor

- A. Portland Public Schools shall maintain an Office of Performance Auditor. The office shall be staffed by a Board-approved District Performance Auditor (Auditor), who shall be hired, evaluated, and may be removed by the Board, and such other employees or contractors as the Board provides budgetary funding
- B. The Office of Performance Auditor shall adhere to Generally Accepted Government Auditing Standards (GAGAS) in conducting its work and shall be considered independent as defined in GAGAS. The Auditor shall be annually evaluated by the Board using the school district's evaluation instrument. The Auditor shall report to the Deputy Superintendent for Business & Operations (or comparable role) for administrative purposes such as leave approval, office space and supplies, paychecks, and reimbursements.

III. Assistants and Employees

- A. The Office of Performance Audit shall be provided a separate budget (subject to available resources) sufficient to carry out the responsibilities and functions established in this policy.

B. Within budget limitations and consistent with District policies and procedures, the Auditor shall have the authority to appoint, employ, and remove other employees of the Office of Performance Audit or contractors as deemed necessary for the efficient and effective administration of the duties of the office.

IV. Scope of Audits

A. The Auditor shall have authority to conduct performance or other audits of all schools, offices, activities, and programs – including contracted programs -- to independently determine whether:

1. Activities and programs being implemented have been authorized by District policy, state law, or applicable federal law or regulations;
2. Activities or programs are conducted efficiently and effectively to accomplish the objective intended by District policy, state law, or applicable federal law or regulations;
3. Activities and programs are being conducted and funds expended in compliance with applicable laws;
4. Revenues are being properly collected, deposited, and accounted for;
5. Financial and other reports are being provided that disclose fairly and fully all information that is required by law, that is necessary to ascertain the nature and scope of programs and activities, and that is necessary to establish a proper basis for evaluating the programs and activities;
6. There are adequate operating and administrative procedures and practices, systems or accounting internal control systems, and internal management controls which have been established by management; or
7. Indications of fraud, abuse, or illegal acts are identified for further investigation.

- B. The Auditor may provide non-audit services that are not covered by Government Audit Standards, provided that the service does not impair the auditor's independence. Decisions to perform non-audit services will be based on two overarching principles:
  - 1. Audit organizations should not provide non-audit services that involve performing management functions or make management decisions; and
  - 2. Audit organizations should not audit their own work or provide non-audit services in situations where the non-audit services are significant/material to the subject matter of audits.
  
- V. Audit Plan
  - A. At the beginning of each fiscal year, the Auditor shall submit a proposed annual audit plan to the Audit Committee for review and input. The plan shall include the schools, offices, activities, functions, and programs proposed for audit during the year. Upon review of the plan, the Audit Committee will recommend an annual audit plan to the full Board for approval.
  
  - B. In consultation with the Audit Committee, the Auditor will select topics based on potential for cost savings and service improvements; level of public and school board interest; evidence of problems or wrongdoing; risk of loss or abuse; and availability of audit staff.



VI. Access to Employees, Records and Property

A. All District officers and employees shall furnish the Auditor with requested information and unrestricted access to employees, information, and records within their custody or control regarding powers, duties, activities, organization, property, equipment, financial transactions, contracts, and methods of business required to conduct an audit or otherwise perform audit duties. Officers or employees who fail to provide access and/or information requested by the Auditor, may be subject to discipline up to and including termination.

B. All contracts with outside contractors and subcontractors shall d fad ps-4.w(otherw)-6.8(ise)

Auditor will report the the responsible manager's response to the Auditor's findings, conclusions, and recommendations, as well as the responsible manager's planned corrective actions. If no response is received within the specified time frame, the Auditor will note that fact in the audit report and will release the report. In the case of contracted audits, audits may be released without inclusion of a response.

VIII. Audit Reports

- A. Each audit will result in a written report containing relevant background information, findings and recommendations and shall be delivered to the Audit Committee, Board, and the Superintendent. The report shall also be available for public examination, except as otherwise provided in this policy or prohibited by law.

IX. Report of Irregularities

If during an audit, the Auditor becomes aware of abuse or illegal acts or indications of such acts that could affect the District, the auditor shall report the irregularities to the Audit Committee and the Superintendent. If the Superintendent is believed to be a party to abuse or illegal acts, the Auditor shall report the acts directly to the Audit Committee chair.

X. Annual Report

- A. The auditor shall submit an annual report to the Board within 90 days of the fiscal year end indicating audits completed, major findings, corrective actions taken by administrative managers, and significant findings which have not been fully addressed by management.

XI. Audit Follow-up

- A. Responsible managers should provide quarterly reports about the implementation of corrective action plans as specified in the plan. The Auditor may request periodic status reports from audited entities

regarding actions taken to address reported deficiencies, audit recommendations, and completed action plans.

XII. Contract Auditors, Consultants, and Experts

- A. Within budget limitations, the Auditor may obtain the services of Certified Public Accountants, qualified management consultants, or other professional experts as necessary to perform the Auditor's duties.

History: Adopted 6/71; amended 12/83; re-organizational rescission 9/9/02; re-adopted 6/13/05 BA 3330; amended 8/13/07.