

**APPENDIX 2:**  
**PowerPoint Presentation**  
**Auditor General**

# OFFICE OF AUDITOR GENERAL



## ROCHESTER BOARD OF EDUCATION

2018-2019 AUDIT PLAN

SEPTEMBER 18, 2018



# OFFICE OF AUDITOR GENERAL MISSION

To assist the Board of Education with their oversight responsibility by:

Providing the Board of Education and management with an independent, objective assessment of financial and operating processes;

Performing evaluations to ensure that District operations promote and demonstrate fiscal accountability;

Improving and strengthening internal controls through recommendations that assist in:

- Safeguarding assets,
- Maintaining transaction integrity,
- Assessing compliance with regulatory requirements,
- Evaluating risks inherent in operating processes.



# RISK ASSESSMENT PROCESS

## **Sources of information for the Risk Assessment:**

- 1) Interviews with Board and District Leaders
- 2) Prior Year Audit Concerns
- 3) Findings from Independent Reports
- 4) RCSD 2018-19 Budget
- 5) Regulatory Requirements
- 6) Industry trends



# RISK EVALUATION CRITERIA

Criteria that evaluates **SIGNIFICANCE** of risk in audit area:

- 1) Impact on Educational Services
- 2) Public Interest/Political Sensitivity
- 3) Financial Significance (Materiality)
- 4) Strategic Value

Criteria that measures **LIKELIHOOD** of risk in audit area:

- 1) Fraud Risk
- 2) Management Stability
- 3) Management or Board Concerns
- 4) Prior Findings & Internal Control Environment
- 5) Complexity & Volume of Transactions
- 6) Regulatory Environment & Risk of Penalties



# CONCERNS FROM INTERVIEWS

- 1) Culture
- 2) Leadership
- 3) Accountability
- 4) School Operations & Supervision
- 5) Student Achievement
- 6) Human Resources
- 7) Finance
- 8) Student Placement
- 9) Special Education
- 10) Parent Engagement



## CONCERNS FROM INTERVIEWS CULTURE-TONE AT THE TOP

Behaviors that RCSD employees experience, as demonstrated by the Board, Superintendent, Management Cabinet, Directors and Managers.

- Decision-making
- Spending
- Communication
- Everyday Actions
- All decisions must focus on students first



# CONCERNS FROM INTERVIEWS

## LEADERSHIP

The concern that was communicated most frequently across all levels of management was Leadership:

- Stability
- Accountability
- Strategic Planning
- Professional Development
- Communication





# CONCERNS FROM INTERVIEWS

## ACCOUNTABILITY

This was the second most frequently occurring concern

- Leadership
- Instructional Outcomes
- Finances
- Professional Development
- Communication



# CONCERNS FROM INTERVIEWS SCHOOL OPERATIONS & SUPERVISION

- Professional development and support needed to increase the capacity of building leaders.
- Building supervision monitoring and accountability across Chiefs.
- Building leaders must know how to identify quality instruction and facilitate improvements.
- Standard curriculum needed across district.



## CONCERNS FROM INTERVIEWS STUDENT ACHIEVEMENT

- Increased monitoring on evaluating student progress toward annual goals and graduation requirements.
- Data must be utilized to make informed student decisions throughout organization.
- Accountability must exist for meeting student performance.



# CONCERNS FROM INTERVIEWS

## HUMAN RESOURCES

- Hiring practices, diversity and proactively meeting staffing requirements.
- Systems and practices need improvement.
- Improved monitoring systems and accountability required.
- Timely discipline



# CONCERNS FROM INTERVIEWS

## FINANCIAL

- Fiscal monitoring is required in all departments, not just finance.
- Managers must be accountable for managing operating budgets and grant requirements.
- Equity concerns were noted across buildings.
- True-up of teacher staffing to student enrollment needed.



# 2018-2019 AUDIT PLAN

- 1) School Innovation
- 2) Financial Management
- 3) Teaching & Learning
- 4) Human Resources
- 5) Labor Relations
- 6) Consultants and Contractors
- 7) CAFR Review
- 8) Student Activity Funds \*
- 9) Elementary Activity Accounts \*
- 10) Follow Up Audits
  - Purchasing
  - Student Equity & Placement
  - Parent Engagement
  - Payroll

\*Audits in multiple school buildings



## OTHER AUDIT CONCERNS

- **Confirming Orders** - Spending without prior authorization and secured funding.
- **Consultants & Contractors** – Spending on consultants. Work is performed without fully executed contract in place.
- **Substitute Management** – Significant spending on substitutes. Increased monitoring required.
- **Human Resources** – Must be a control in the employee payment process.



## OTHER AUDIT CONCERNS

- **Payroll** – Manual processes for negotiated payments or past practice. Limited validation on extra pay items.
- **Union Contractual Relations** – Practices are established without a true understanding of cost or effort to implement.
- **Purchasing** - Proactive management of the disbursement cycle must occur.
- **Wegmans Card** – Improved monitoring required for Wegmans purchases.