



Internal Audit Department Audit Plan

CY 2024

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Introduction and Background

The Washoe County School District's (District) Internal Audit Department (Department) provides professional independent and object audit services. With the approval of the Board of Trustees, the Department may audit the performance and the financial and operational activities of the district's schools and departments. In addition, the Department may conduct special investigations and responds to management requests. The Department provides management with analyses, recommendations, and information concerning District activities and operations. Audits help improve District performance and accountability by:

- Evaluating District department/program efficiency and effectiveness;
- Assessing the accuracy of financial reports and management information;
- Testing adequacy of internal controls;
- Reviewing compliance with laws and regulations; and
- Offering recommendations and promoting continuous improvement.

In seeking continuous improvement of our Department we have devoted efforts to developing an annual operating audit plan (Audit Plan). The Department will use this Audit Plan to guide its efforts during the calendar year. Because the District operates in a dynamic environment, the Audit Plan is not static, and can be updated during the course of the year. The audit plan for this calendar year is guided by several factors, including:

1. Mandated audits required in accordance with Nevada Revised Statutes;
2. The Departments' school SAF risk assessment; and
3. Input from District management.

Mandated Audits

The District is required by Nevada Revised Statutes (NRS) and Nevada Administrative Code (NAC) to monitor the instructional programs and the educational business requirements of its sponsored charter schools. The Internal Audit Department assists in this effort by monitoring the financial activities of the seven district-sponsored charter schools. The results of this monitoring activity are included in the annual report of compliance that must be submitted to the Nevada Department of Education for each charter school per NAC 388A.595. The objectives of the financial monitoring include:

- Evaluating each school's compliance with all statutes and regulations relative to financial activities of Nevada charter schools, including compliance with generally accepted accounting principles; and
- Determining that no charter school has filed for a voluntary petition of bankruptcy or been adjudicated bankrupt or insolvent, and to assess whether each school is deemed otherwise financially impaired such that the school is deemed unable to continue to operate [NRS 338A.330(1)(b)].

Additionally, the Department participates as a member in periodically evaluating each school's charter renewal using a charter performance framework and rubric/rating sheet.

Student Activity Funds (SAF)

The Department has the responsibility for performing periodic audits of District funds (Board Policy 3410(7)). This includes the student activity funds at the District's schools. Student activity funds are comprised of monies received at each individual school (e.g. through fees, fundraisers, donations, etc.). These funds are administered by the schools in a trust capacity and are intended for the benefit of the students. There is a significant amount of monetary transactions performed at the schools in this area. For example, in the fiscal year ended June 30, 2022, the district's ACFR reported approximately \$11.7 million in SAF receipts and \$10.8 million in disbursements. During the SAF audits, the Department assesses school internal controls and reviews procedures for the proper recording and reporting of these funds.

The Department selects schools for audit based upon (1) management requests and a (2) risk assessment process.

Management Requests

In recent years we have received numerous requests for audits. This is a positive development. In fact, we have more requests in our queue than resources to complete the projects. As such, we have carry-over projects from the prior-year to the current work plan. In order to be responsive, and to encourage project requests, our office believes it is prudent to continue prioritizing such requests.

Risk Assessment

Professional standards require internal audit engagement priorities be based upon risk-based plans. Risk is the potential for loss to a department or business unit due to fraud, error, inefficiency, failure to comply with statutory requirements, or actions which may negatively impact the District. Risk is also a function of the probability that such a negative consequence will occur, its impact, and imminence. It is essentially a way of saying all the adverse and/or negative outcomes the District seeks to avoid.

A risk assessment is a fundamental auditing concept built on the need to concentrate Department efforts, among numerous competing issues, in areas perceived to be of the greatest relative risk. Our Department's risk-based assessment is driven by numerous risk factors and is the reason we will not have a static cycle of audits.

The audit population for our assessment was all schools as of the FYE22 ACFR. The risk factors considered include: (1) Financial (receipts as per the recent ACFR); (2) Staffing (consideration of turnover in the Principal/Bookkeeper/Secretary positions); (3) Audit Reports (timeframe since last audit); (4) Audit Issues (number and type of issues and whether they were recurring); and (5) Fraud (history of any reported fraud or potential significant internal control breakdowns). The risk factors are quantified and then compiled into an overall score.

This risk assessment methodology provides the basis for documenting the decision-making process for SAF audit selections. This method helps ensure the appropriate intensity and frequency of audits upon schools. It should also reduce the possibility of over/under auditing certain schools. The risk assessment methodology will be monitored annually for enhancements to increase its effectiveness.

Other Matters

Special Investigations/Audits

The Department responds to requests for investigations/audits made by members of the Board of Trustees or district management. In addition, information communicated by employees or members of the public to Internal Audit staff may warrant special audit activities. The occurrence of such projects is impossible to foresee; however, this Audit Plan includes a minimum number of hours for such projects. If unused during a particular year the hours are applied to completing other audit projects.

Hotline Program

The Department administers the District's Report Fraud, Waste, or Abuse Hotline program. District employees or community members may report perceived incidences of fraud, waste, and/or abuse relating to District operations anonymously via telephone, email, or mail. The hotline serves to improve controls and promotes accountability and oversight throughout the District by providing a process for employees and community members to voice concerns.

Summary

The Department is committed to prioritizing auditing activities, processes, and programs identified as High Risk or time-sensitive within the current year. Our approach is to provide coverage of the most critical or sensitive aspect of the activity identified. The Department makes exceptions to this regarding any carry-over audits, where there has been recent audit coverage, or if Department professional judgment determines otherwise. Additionally, actual audit scheduling may be affected by staffing resources, and requested audits by District management (including the Audit Committee), or unforeseen circumstances. Finally, the Department may complete special requests or audits which can supersede scheduled audits having a higher risk potential depending on their nature, timing, and scope. This can include matters identified as perceived incidences of fraud, waste, and/or abuse through operation of the Hotline Program.

Overall, the Audit Plan is intended to provide broad audit coverage to the various components of the District's operations while complying with the requirements of the NRS and NAC.

The Department extends its gratitude to District management for their past participation and continued support in this process.

Internal Audit Department Audit Plan Summary CY2024

<u>PROJECTS</u>	<u>STATUS</u>	<u>NOTES</u>
Charter Schools: Annual Monitoring		6 schools
Annual Audit Follow-ups: Information Technology H/R- Sick Leave Bank		May 2024 May 2024
Student Activity Funds: Incline HS Sparks HS McQueen HS – Follow-up Only Desert Skies MS O’Brien MS Silver Lake ES Lemmon Valley ES Echo Loder ES Glen Duncan ES Robert Mitchell ES	In-Process	Carry-over from prior year
Performance Audits: Transportation – Drug Testing Psychological Services – M/H Evals	In-Process In-Process	Carry-over from prior year Carry-over from prior year
Agreed-Upon Procedures Audit: Capital Projects – Professional Services	On Hold On Hold	
Administrative Projects: Fraud, Waste, & Abuse Hotline Program Dept P&P’s Manual Special Projects	<i>BDO USA LLP</i> Continuous Activity	Carry-over from prior year

**Washoe County School District
Internal Audit Department
Proposed Audit Plan CY2024**

Department	Project	Projected Hours CY24	Comments
Required Audit Activities			
Extended Studies	Charter School Monitoring	900	Six Schools at 150 hours each
Extended Studies	Bailey Quarterly Monitoring	0	
		<u>900</u>	
Six-Month and Annual Audit Follow-Ups			
Information Technology	Annual Follow-up	150	May 2024
Human Resources - Sick Leave Bank	Annual Follow-up	125	May 2024
		<u>275</u>	
Contracted Audit Services			
Capital Improvement Program	Professional Services	0	<i>BDO USA LLP</i>
		<u>0</u>	
Student Activity Fund Audits			
High School	Incline HS	300	Carryover from prior year
High School	McQueen HS - audit follow-up	200	Risk Assessment
High School	Sparks HS	300	Requested
High School	North Valleys HS	0	Risk Assessment
High School	Spanish Springs HS	0	Risk Assessment
Middle School	Pine MS	0	Requested
Middle School	O'Brien MS	250	Requested
Middle School	Shaw MS	0	Risk Assessment
Middle School	Desert Skies MS	250	Requested
Elementary School	Lemmon Valley ES	200	Carryover from prior year
Elementary School	Silver Lake ES	50	Carryover from prior year
Elementary School	Glen Duncan ES	150	Requested
Elementary School	Robert Mitchell ES	250	Requested
Elementary School	Echo Loder ES	250	Requested
Elementary School	Dodson ES	0	Risk Assessment
Elementary School	Smithridge ES	0	Risk Assessment
Elementary School	Hunsberger ES	0	Risk Assessment
		<u>2,200</u>	
Administrative Projects			
Hotline Program		0	Continuous
SAF Issue Summary Project		0	Completed
IAD Dept P&P Manual		250	
Special Investigations / Projects		100	
Internal Quality Assessment Review (RedBook compliance)		250	
New staff training		0	
		<u>600</u>	
Audit Plan Hours:		3,975	
Available Audit Hours:		<u>3,929</u>	
Difference:		<u>46</u>	
<input checked="" type="checkbox"/> Project/Audit in-process. <input checked="" type="checkbox"/> Project/Audit Completed.			

**Washoe County School District
Internal Audit Department
Estimated Audit Hours Available
CY24**

Estimated Audit Hours Available for CY24				
Total Number of Auditor Positions:	3			
	<u>Internal Auditor</u>	<u>Internal Auditor</u>	<u>Internal Auditor</u>	<u>Totals</u>
Available Audit Hours:				
Hours per Day	8	8	8	
Work Days per Year (52 weeks x 5 days per)	260	260	260	
Total Scheduled Hours	2,080	2,080	2,080	6,240
LESS: Employee Benefited Hours:				
Holiday Hours (12 days)	(96)	(96)	(96)	
Vacation Hours (20 days)	(160)	(160)	(160)	
Sick Leave Hours (15 days)	(120)	(120)	(120)	
Admin Leave Hours (2 days)	(16)	(16)	(16)	
Total Employee Benefited Hours	(392)	(392)	(392)	(1,176)
LESS: Anticipated Significant Absences:				
Auditor retirement / replacement	-	-	(200)	(200)
Total Projected Available Work Hours	1,688	1,688	1,488	4,864
LESS: Non-Audit Work Hours:				
Committee meetings / Prep	(80)	(80)	(80)	
Professional Development / Training	(40)	(40)	(240)	
General Administration	(125)	(125)	(125)	
Total Non-Audit Work Hours	(245)	(245)	(445)	(935)
Total Available Project Hours	1,443	1,443	1,043	3,929

SCHOOL SAF RISK ASSESSMENT

2022 Overall Weighted Average Risk Assessment							
High Schools	Financials (30%)	Staff (30%)	Audit Report (25%)	Audit Issues (10%)	Fraud (5%)	Score	Ranking
	22.5	30	2.5	42.7	0	97.7	1
	22.5	22.5	2.5	42.9	0	90.4	2
	30	30	2.5	23.2	0	85.7	3
	9	22.5	12.5	35.9	5	84.9	4
	30	22.5	2.5	16	10	81	5
	4.5	22.5	12.5	32.3	5	76.8	6
	22.5	0	2.5	43.5	0	68.5	7
	4.5	30	12.5	18.8	0	65.8	8
	4.5	30	2.5	26	0	63	9
	9	30	12.5	10.5	0	62	10
	22.5	0	2.5	26.6	0	51.6	11
	4.5	30	12.5	4.2	0	51.2	12
	4.5	22.5	0	22.7	0	49.7	13
	4.5	22.5	12.5	9.2	0	48.7	14
	4.5	30	12.5	0	0	47	15
	30	0	12.5	2.3	0	44.8	16

Low Risk 1-45.99
Moderate Risk 46-68.99
High Risk 69-100

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NOTE: per 06/30/22 ACFR SAF Fund Monies:

Receipts: \$11.7 million

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Disbursements: \$10.8 million

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Middle Schools	Financials (30%)	Staff (30%)	Audit Report (25%)	Audit Issues (10%)	Fraud (5%)	Score	Ranking
	22.5	30	12.5	18.4	5	88.4	1
	30	30	2.5	19.4	0	81.9	2
	9	30	12.5	27.7	0	79.2	3
	4.5	30	12.5	23.8	0	70.8	4
	30	30	2.5	7	0	69.5	5
	9	22.5	2.5	32.8	0	66.8	6
	9	30	2.5	19.4	5	65.9	7
	4.5	30	12.5	16.7	0	63.7	8
	30	30	2.5	0	0	62.5	9
	9	22.5	12.5	17.4	0	61.4	10
	9	22.5	2.5	27.1	0	61.1	11
	22.5	30	0	0	0	52.5	12
	4.5	22.5	12.5	11.5	0	51	13
	4.5	30	2.5	13.3	0	50.3	14
	13.5	22.5	2.5	11.3	0	49.8	15
	13.5	30	2.5	0	0	46	16
	9	0	12.5	11.5	0	33	17

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Elementary Schools	Financials (30%)	Staff (30%)	Audit Report (25%)	Audit Issues (10%)	Fraud (5%)	Score	Ranking	
	9	30	12.5	38.5	0	90	1	☑
	9	30	2.5	47.1	0	88.6	2	☑
	30	30	12.5	14.6	0	87.1	3	☑
	30	22.5	2.5	23.5	0	78.5	4	
	9	30	12.5	25.5	0	77	5	☑
	9	30	12.5	25.3	0	76.8	6	
	22.5	22.5	12.5	18.5	0	76	7	
	9	30	12.5	24.3	0	75.8	8	
	22.5	22.5	2.5	27.2	0	74.7	9	
	9	30	12.5	22.3	0	73.8	10	
	9	30	12.5	22.3	0	73.8	11	
	22.5	30	12.5	7.2	0	72.2	12	
	9	30	12.5	20.3	0	71.8	13	
	4.5	22.5	12.5	31.4	0	70.9	14	
	4.5	30	12.5	22.7	0	69.7	15	☑
	4.5	22.5	2.5	35	5	69.5	16	
	4.5	30	12.5	20.3	0	67.3	17	
	9	22.5	0	34.6	0	66.1	18	
	4.5	30	12.5	18.6	0	65.6	19	☑
	4.5	30	12.5	17.3	0	64.3	20	
	13.5	30	12.5	8.2	0	64.2	21	
	4.5	30	12.5	17.2	0	64.2	22	☑
	13.5	30	12.5	8.1	0	64.1	23	
	9	30	12.5	12.5	0	64	24	
	9	30	12.5	12.4	0	63.9	25	
	13.5	22.5	12.5	15.1	0	63.6	26	
	30	30	2.5	0	0	62.5	27	
	9	22.5	12.5	17.5	0	61.5	28	
	4.5	22.5	12.5	21.4	0	60.9	29	
	13.5	22.5	12.5	12.3	0	60.8	30	
	30	30	0	0	0	60	31	
	4.5	30	2.5	22.3	0	59.3	32	
	9	30	12.5	7.1	0	58.6	33	
	4.5	30	0	23.7	0	58.2	34	
	4.5	30	12.5	10.4	0	57.4	35	
	9	22.5	0	25.7	0	57.2	36	
	4.5	22.5	2.5	27.4	0	56.9	37	
	4.5	30	12.5	9.8	0	56.8	38	

	9	22.5	2.5	22.4	0	56.4	39
	9	22.5	12.5	12.3	0	56.3	40
	9	22.5	12.5	12.3	0	56.3	41
	22.5	22.5	2.5	8.3	0	55.8	42
	9	22.5	12.5	11.7	0	55.7	43
	9	30	12.5	4.1	0	55.6	44
	4.5	22.5	12.5	15.5	0	55	45
	13.5	22.5	12.5	4.3	0	52.8	46
	9	22.5	2.5	17.5	0	51.5	47
	4.5	30	12.5	4.2	0	51.2	48
	4.5	22.5	2.5	21.4	0	50.9	49
	22.5	0	2.5	25.3	0	50.3	50
	4.5	22.5	12.5	10.7	0	50.2	51
	4.5	22.5	12.5	4.2	5	48.7	52
	4.5	0	12.5	29.7	0	46.7	53
	30	0	0	15.1	0	45.1	54
	22.5	0	0	22.4	0	44.9	55
	13.5	30	0	0	0	43.5	56
	13.5	0	0	20.3	5	38.8	57
	4.5	0	0	34	0	38.5	58
	13.5	0	0	24.3	0	37.8	59
	13.5	0	12.5	8.2	0	34.2	60
	13.5	0	12.5	6.2	0	32.2	61
	9	0	2.5	17.3	0	28.8	62
	4.5	0	12.5	11.2	0	28.2	63
	9	0	2.5	15.5	0	27	64
	9	0	2.5	13.4	0	24.9	65
	4.5	0	2.5	16.1	0	23.1	66
	9	0	2.5	10.2	0	21.7	67

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☑ - School added to audit plan.