



Internal Audit Department Audit Plan

CY 2025

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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 uses 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 annually. 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.

Additionally, the Department participates as a member in periodically evaluating each school's charter sponsorship 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, 2023, the district's ACFR reported approximately \$15 million in SAF receipts and \$14.6 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 school audits.

The audit population for our assessment was all schools as of the FYE23 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 anonymously 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, 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 administration 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 and staff for their past participation and continued support in this process.



Internal Audit Department Audit Plan Summary CY2025

| <u>PROJECTS</u> | <u>STATUS</u> | <u>NOTES</u> |
|--|--|---|
| Charter Schools: Annual Monitoring Sponsorship Renewals | | 6 schools 5 schools |
| Annual Audit Follow-ups: H/R – Sick Leave Bank Information Technology Capital Improvement Program Damonte Ranch HS SAF follow-up | | February 2025 May 2025 May 2025 December 2025 |
| Student Activity Funds: Incline HS Sparks HS McQueen HS – Follow-up Only Desert Skies MS O'Brien MS Pine MS Lemmon Valley ES | In-Process In-Process In-Process In-Process | Requested Requested Requested |
| Performance Audits: Psych Services – M/H Evals | TBD | |
| Administrative Projects: Hotline Program Dept P&P's Manual ICQ Reviews Special Projects | Continuous Activity In-Process TBD | |

**Washoe County School District
Internal Audit Department
Proposed Audit Plan CY2025**

| Department | Project | Projected Hours CY25 | Comments |
|---|------------------------------|----------------------|-------------------------------------|
| Required Audit Activities | | | |
| Charter Schools | Annual Monitoring | 900 | Six Schools at 150 hours each |
| Charter Schools | Sponsorship Renewals | 150 | 5 schools at 30 hours each |
| | | <u>1050</u> | |
| Initial and Annual Audit Follow-Ups | | | |
| Human Resources - Sick Leave Bank | Annual Audit Follow-up | 100 | February 2025 |
| Information Technology | Annual Audit Follow-up | 125 | May 2025 |
| Capital Improvement Program - BDO | Initial Audit Follow-up | 50 | February 2025 |
| Damonte Ranch HS SAF follow-up | Initial Audit Follow-up | 75 | August 2025 |
| | | <u>350</u> | |
| Student Activity Fund Audits | | | |
| <input checked="" type="checkbox"/> High School | Incline HS | 300 | Carryover project |
| <input checked="" type="checkbox"/> High School | McQueen HS - audit follow-up | 125 | Risk Assessment + Carryover project |
| <input checked="" type="checkbox"/> High School | Sparks HS | 125 | Requested |
| High School | North Valleys HS | 0 | Risk Assessment |
| High School | NorthStar + TMCC HS | 0 | Requested |
| Middle School | Pine MS | 350 | Requested |
| Middle School | Desert Skies MS | 350 | Requested |
| Middle School | O'Brien MS | 300 | Requested |
| Middle School | Cold Springs MS | 0 | Risk Assessment |
| Middle School | Shaw MS | 0 | Risk Assessment |
| <input checked="" type="checkbox"/> Elementary School | Lemmon Valley ES | 100 | Carryover project |
| Elementary School | Incline ES | 0 | Requested |
| Elementary School | Whitehead ES | 0 | Requested |
| Elementary School | Dodson ES | 0 | Risk Assessment |
| Elementary School | Smithridge ES | 0 | Risk Assessment |
| Elementary School | Diedrichsen ES | 0 | Risk Assessment |
| | | <u>1,650</u> | |
| Administrative Projects | | | |
| <input checked="" type="checkbox"/> Hotline Program | | 0 | Continuous |
| <input checked="" type="checkbox"/> IAD Dept P&P Manual | | 250 | |
| Special Investigations / Projects | | 300 | If necessary |
| Internal Quality Assessment Review (RedBook compliance) | | 75 | |
| New staff training | | 100 | |
| | | <u>725</u> | |
| Audit Plan Hours: | | 3,775 | |
| Available Audit Hours: | | 3,814 | |
| Difference: | | <u>-39</u> | |
| <input checked="" type="checkbox"/> Project in-process. | | | |

**Washoe County School District
Internal Audit Department
Estimated Audit Hours Available
CY25**

| Estimated Audit Hours Available for CY25 | | | | |
|--|-------------------------|-------------------------|-------------------------|----------------|
| 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 | - | - | (300) | (300) |
| Total Projected Available Work Hours | 1,688 | 1,688 | 1,388 | 4,764 |
| LESS: Non-Audit Work Hours: | | | | |
| Committee meetings / Prep | (60) | (60) | (60) | |
| Professional Development / Training | (40) | (40) | (240) | |
| General Administration | (150) | (150) | (150) | |
| Total Non-Audit Work Hours | (250) | (250) | (450) | (950) |
| Total Available Project Hours | 1,438 | 1,438 | 938 | 3,814 |

School SAF Risk Assessment

2023 Overall Weighted Risk Assessment

Low Risk 1-45.99

Moderate Risk 46-68.99

High Risk 69-100

Top 7 Riskiest Overall

NOTE: per 06/30/23 ACFR SAF Fund Monies:

Receipts: \$15,078,118
Disbursements: \$14,658,233

High Schools

| School | 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 |
| | 9 | 22.5 | 12.5 | 32.3 | 5 | 81.3 | 5 |
| | 30 | 22.5 | 2.5 | 16 | 10 | 81 | 6 |
| | 30 | 0 | 2.5 | 43.5 | 0 | 76 | 7 |
| | 9 | 30 | 12.5 | 18.8 | 0 | 70.3 | 8 |
| | 9 | 30 | 2.5 | 26 | 0 | 67 | 9 |
| | 9 | 30 | 12.5 | 10.5 | 0 | 62 | 10 |
| | 30 | 0 | 2.5 | 26.6 | 0 | 59.1 | 11 |
| | 4.5 | 30 | 12.5 | 4.2 | 0 | 1.2 | 12 |
| | 4.5 | 22.5 | 0 | 22.7 | 0 | 49 | 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 |
| | 4.5 | 0 | 0 | 0 | 0 | 4.5 | 17 |
| | 4.5 | 0 | 0 | 0 | 0 | 4.5 | 18 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 19 |

Middle Schools

| School | Financials (30%) | Staff (30%) | Audit Report (25%) | Audit Issues (10%) | Fraud (5%) | Score | Ranking |
|--------|------------------|-------------|--------------------|--------------------|------------|-------|---------|
| | 22.5 | | 12.5 | 27.7 | 0 | 92.7 | 1 |
| | 22.5 | 30 | 12.5 | 18.4 | 5 | 88.4 | 2 |
| | 30 | 30 | 2.5 | 19.4 | 0 | 81.9 | 3 |
| | 4.5 | 30 | 2 | 23.8 | 0 | 70.8 | 4 |
| | 30 | 30 | 2.5 | 7 | 0 | 69.5 | 5 |
| | 9 | 30 | 12.5 | 16.7 | 0 | 68.2 | 6 |
| | 9 | 22.5 | 2.5 | 32.8 | 0 | 66.8 | 7 |
| | 30 | 30 | 2.5 | 0 | 0 | 62.5 | 8 |
| | 4.5 | 30 | 2.5 | 19.4 | 5 | 61.4 | 9 |
| | 9 | 22.5 | 2.5 | 27.1 | 0 | 61.1 | 10 |
| | 30 | 30 | 0 | 0 | 0 | 60 | 11 |
| | 22.5 | 22.5 | 2.5 | 11.3 | 0 | 58.8 | 12 |
| | 4.5 | 22.5 | 12.5 | 17.4 | 0 | 56.9 | 13 |
| | 4.5 | 22.5 | 12.5 | 11.5 | 0 | 51 | 14 |

| | | | | | | | |
|--|------|----|------|------|---|------|----|
| | 4.5 | 30 | 2.5 | 13.3 | 0 | 50.3 | 15 |
| | 13.5 | 30 | 2.5 | 0 | 0 | 46 | 16 |
| | 9 | 0 | 12.5 | 11.5 | 0 | 33 | 17 |

| | School | Financials (30%) | Staff (30%) | Audit Report (25%) | Audit Issues (10%) | Fraud (5%) | Score | Ranking |
|-----------------------|--------|---------------------|----------------|--------------------------|--------------------------|---------------|-------|---------|
| Elementary Schools | | 9 | 30 | 12.5 | 38.5 | 0 | 90 | 1 |
| | | 22.5 | 30 | 12.5 | 24.3 | 0 | 89.3 | 2 |
| | | 9 | 30 | 2.5 | 47.1 | 0 | 88.6 | 3 |
| | | 30 | 30 | 12.5 | 14.6 | 0 | 87.1 | 4 |
| | | 13.5 | 30 | 12.5 | 25.5 | 0 | 81.5 | 5 |
| | | 9 | 30 | 12.5 | 25.3 | 0 | 76.8 | 6 |
| | | 22.5 | 22.5 | 12.5 | 18.5 | 0 | 76 | 7 |
| | | 22.5 | 22.5 | 2.5 | 27.2 | 0 | 77.7 | 8 |
| | | 9 | 30 | 12.5 | 22.7 | 0 | 74.2 | 9 |
| | | 9 | 30 | 12.5 | 22.3 | 0 | 73.8 | 10 |
| | | 22.5 | 30 | 12.5 | 7.2 | 0 | 72 | 11 |
| | | 4.5 | 22.5 | 12.5 | 31.4 | 0 | 70.1 | 12 |
| | | 22.5 | 22.5 | 2.5 | 22.4 | 0 | 69.9 | 13 |
| | | 4.5 | 22.5 | 2.5 | 35 | 5 | 69.5 | 14 |
| | | 4.5 | 30 | 12.5 | 22.3 | 0 | 69.3 | 15 |
| | | 9 | 30 | 12.5 | 17 | 0 | 68.8 | 16 |
| | | 13.5 | 30 | 12.5 | 12.4 | 0 | 68.4 | 17 |
| | | 4.5 | 30 | 12.5 | 20.3 | 0 | 67.3 | 18 |
| | | 4.5 | 30 | 12.5 | 2.3 | 0 | 67.3 | 19 |
| | | 9 | 22.5 | 0 | 34.6 | 0 | 66.1 | 20 |
| | | 4.5 | 30 | 12.5 | 1.6 | 0 | 65.6 | 21 |
| | | 9 | 22.5 | 12.5 | 21.4 | 0 | 65.4 | 22 |
| | | 4.5 | 3 | 12.5 | 17.2 | 0 | 64.2 | 23 |
| | | 13.5 | 30 | 12.5 | 8.1 | 0 | 64.1 | 24 |
| | | 13.5 | 22.5 | 12.5 | 15.1 | 0 | 63.6 | 25 |
| | | 30 | 22.5 | 8.3 | 0 | 0 | 63.3 | 26 |
| | | 13.5 | 22.5 | 2.5 | 23.5 | 0 | 62 | 27 |
| | | 9 | 22.5 | 12.5 | 17.5 | 0 | 61.5 | 28 |
| | | 13.5 | 22.5 | 12.5 | 12.3 | 0 | 60.8 | 29 |
| | | 30 | 30 | 0 | 0 | 0 | 60 | 30 |
| | | 30 | 30 | 0 | 0 | 0 | 60 | 31 |
| | | 9 | 30 | 12.5 | 8.2 | 0 | 59.7 | 32 |
| | | 4.5 | 30 | 12.5 | 12.5 | 0 | 59.5 | 33 |
| | | 4.5 | 30 | 2.5 | 22.3 | 0 | 59.3 | 34 |
| | | 9 | 30 | 12.5 | 7.1 | 0 | 58.6 | 35 |
| | | 4.5 | 30 | 0 | 23.7 | 0 | 58.2 | 36 |

| | | | | | | | |
|--|------|------|------|------|---|------|----|
| | 4.5 | 30 | 12.5 | 10.4 | 0 | 57.4 | 37 |
| | 9 | 22.5 | 0 | 25.7 | 0 | 57.2 | 38 |
| | 4.5 | 22.5 | 2.5 | 27.4 | 0 | 56.9 | 39 |
| | 4.5 | 30 | 12.5 | 9.8 | 0 | 56.8 | 40 |
| | 9 | 22.5 | 12.5 | 12.3 | 0 | 56.3 | 41 |
| | 9 | 22.5 | 12.5 | 12.3 | 0 | 56.3 | 42 |
| | 9 | 30 | 12.5 | 4.1 | 0 | 55.6 | 43 |
| | 4.5 | 22.5 | 12.5 | 15.5 | 0 | 55 | 44 |
| | 9 | 22.5 | 12.5 | 4.2 | 5 | 53.2 | 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 | 12.5 | 11.7 | 0 | 51.2 | 49 |
| | 4.5 | 22.5 | 2.5 | 21.4 | 0 | 50.9 | 50 |
| | 4.5 | 22.5 | 12.5 | 10.7 | 0 | 50 | 51 |
| | 22.5 | 0 | 0 | 24.3 | 0 | 46.8 | 52 |
| | 4.5 | 0 | 12.5 | 29.7 | 0 | 46.7 | 53 |
| | 30 | 0 | 0 | 15.1 | 0 | 51 | 54 |
| | 13.5 | 0 | 2.5 | 25.3 | 0 | 41 | 55 |
| | 13.5 | 0 | 0 | 20.3 | 5 | 38.8 | 56 |
| | 4.5 | 0 | 0 | 34 | 0 | 38.5 | 57 |
| | 13.5 | 0 | 0 | 22.4 | 0 | 35 | 58 |
| | 0 | 30 | 2.5 | 0 | 0 | 32.5 | 59 |
| | 9 | 0 | 12.5 | 8.2 | 0 | 29.7 | 60 |
| | 9 | 0 | 2.5 | 17.3 | 0 | 28.8 | 61 |
| | 4.5 | 0 | 12.5 | 11 | 0 | 28.2 | 62 |
| | 9 | 0 | 12.5 | 6.2 | 0 | 27.7 | 63 |
| | 9 | 0 | 5.5 | 0 | 0 | 27 | 64 |
| | 4.5 | 0 | 2.5 | 16 | 0 | 23.1 | 65 |
| | 9 | 0 | 2.5 | 10.2 | 0 | 21.7 | 66 |
| | 4.5 | 0 | 2.5 | 13.4 | 0 | 20.4 | 67 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 68 |