



Washoe County School District

Every Child, By Name And Face, To GraduationSM

Washoe County School District

Audit Committee

Biannual Report

(Reporting Period Includes: 2020 – 2022)

Internal Audit Department

425 East Ninth Street, Room A-215

Reno, Nevada 89512

Executive Summary

The Audit Committee (Committee) of the Board of Trustees (Board) of the Washoe County School District (District) has prepared this Report to provide the Board a synopsis of its oversight, support, and recommendations from 2020 through 2022.

In each year, the Committee reviewed and approved the District's Annual Comprehensive Financial Report (ACFR) as presented by the independent accountants. The District received unmodified opinions ("clean" opinions).

At each meeting, the Committee continued to receive updates on the activities of the Internal Audit Department (Department) along with the status of the Hotline Program cases. During the Department presentation of audits and its annual follow-up reports, the Committee offered feedback and proposed solutions to department representatives and continued to encourage full and timely implementation of audit recommendations.

In addition, the Committee received a presentation on the proposed scope and procedures for the planned audit of the Capital Improvement Program focusing on professional service providers such as architects, engineers, and design firms. The Committee approved the proposed procedures.

Audit Committee Governance

The Audit Committee is an advisory public body to the Board of Trustees and serves to assist the Trustees in fulfilling their oversight responsibilities relating to the District's financial activities, operational activities, and compliance with laws, regulations, and internal control processes.

The Committee consists of seven voting members who are appointed by the Board of Trustees to serve two-year terms running July 1 through June 30. The current members include Ronald Ellis, Todd Shipley, Ben Barteau, Wesley Chewjalearn, Vita Ozoude, Jennifer Thomas, and Debra Yates. Ronald Ellis was selected Chairperson and Todd Shipley Vice-Chairperson through June 30, 2023. Additionally, Russ Ruiz, Jay Goldberg, Tom Doyle, Terri Avansino, and Ron Reigle also served during this reporting period, and we would like to thank them for their service.

The Committee members are volunteers representing the Washoe County community by generally possessing a background in business, finance, auditing, or the law. These skills are necessary in understanding and evaluating the district's financial statements, the annual external audit, and offering review of the district's Internal Audit Department activities.

The Committee met eight times:

February 13, 2020	November 4, 2021
November 5, 2020	May 12, 2022
May 20, 2021	August 11, 2022
August 19, 2021	January 5, 2023

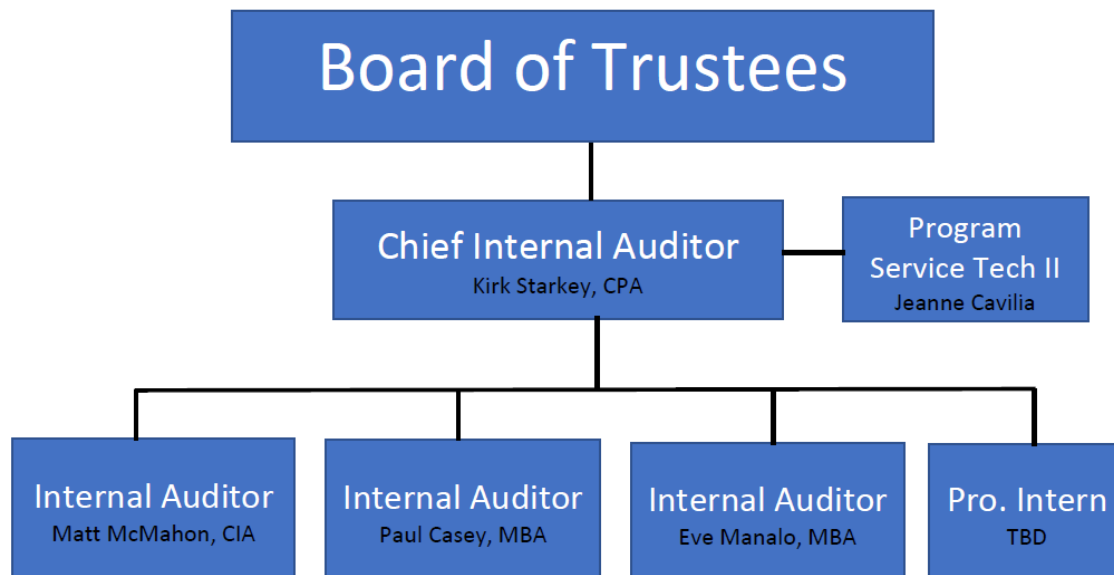
These meetings were open to the public and conducted in accordance with the Nevada Open Meeting Law. Public comment has been offered at the meetings. The Committee members were dutiful in ensuring there was a quorum at the scheduled meetings.

Independence

The Committee and the Chief Internal Auditor report directly to the Board of Trustees. This reporting structure helps ensure the Internal Audit Department remains independent of District management, which is essential to ensure audit results are objective and communicated directly to the Board of Trustees.

In accordance with Standard 1110 of *The International Standards for the Professional Practice of Internal Auditing*, the Chief Internal Auditor, through the Audit Committee, has annually confirmed the organizational independence of the internal audit activity to the Board of Trustees.

Internal Audit Department



Professional Standards

The Internal Audit Department adheres to the global and national standard setting bodies of the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing (IIA) and the Government Accountability Office's Generally Accepted Government Auditing Standards (GAGAS). These two standards are commonly referred to as the "redbook" and "yellowbook."

After a presentation and discussion, the Committee provided direction to the Chief Internal Auditor to seek to revise Board Policy 9170 governing the Internal Audit Department to remove reference to conformance with Generally Accepted Government Auditing Standards (GAGAS) so the department would operate under a single set of standards (IIA standards) for efficiency purposes.

At their January 23, 2023, meeting the Board of Trustees unanimously approved a moratorium on policy revisions to allow the General Counsel to review best practices pertaining to school board policy adoption. When that process is concluded, the Department plans to present its policy revision proposal for approval.

Review of Projects Received by the Committee

- The District's Annual Comprehensive Financial Report (ACFR) was presented to and approved by the Committee for FYE 2020, 2021, and 2022. Each year, the District received unmodified opinions ("clean" opinions). The Committee thanked the Business Office, and the District as a whole, for their efforts.
- Two Property Control Annual Audit Follow-ups – All recommendations determined as fully implemented (May 2021).
- Two Nutrition Services Annual Audit Follow-ups - All recommendations determined as fully implemented (May 2021).
- Transportation Department Annual Audit Follow-up – All recommendations determined as fully implemented (May 2021).
- Two Office of Information Technology Annual Audit Follow-ups – The challenges to secure a significant number of user devices and the enterprise-wide security program were vigorously discussed between the Committee and the Office's management. The Committee was updated that budgetary constraints play a factor in the Office's ability to implement recommendations. Five recommendations remain open as of this report.
- The Capital Improvement Program construction audit (WC-1) was presented to, discussed, and accepted by the Committee – The Committee recommended the report be forwarded to the Board of Trustees for approval.
- Sick Leave Bank Audit Report – The objective of the audit was to determine whether procedures were in place to ensure sick leave bank hours are available prior to their approval for use. Although the report found program processes were being followed, there were 6 recommendations including to have the Human Resources Department administer the program and create standardized operating policies and procedures

instead of the current decentralized structure. The annual audit follow-up is planned for the May 2023 Audit Committee.

- Capital Improvement Program Initial Audit Follow-up – The audit contained two recommendations designed to improve project status monitoring and standardize metrics for project approval proposals sent to the CFPC and the Board of Trustees. The Capital Projects Department was found to have fully implemented both recommendations.
- The Committee received several Student Activity Fund (SAF) audit reports, including:
 - 2020: Galena HS
 - 2021: Taylor ES, Westergard ES
 - 2022: Innovations HS, Hall ES, Drake ES

Other Key Topics Addressed at Audit Committee Meetings

- Received a presentation and discussion of the Department's role in the annual charter school monitoring process (May 2022).
- Audit Department project status updates and Hotline Program status updates are presented at each Committee meeting.
- The initial *Report Fraud, Waste, or Abuse Hotline Annual Report* was created and presented to the Committee in 2021.
- A Policy to govern the Hotline Program the Department administers needed to be established. The Committee received an update that the Board of Trustees adopted new Policy 9300 to govern the Hotline Program at its July 27, 2021, meeting.
- The Committee also received a presentation on the proposed scope and procedures for the planned audit of the Capital Improvement Program audit focusing on professional service providers such as architects, engineers, and design firms.
- Several Student Activity Fund Audit Reports were completed in this timeframe. At the request of the Committee, the Department started to include the reports as part of the project status updates during the meetings.

Audit Planning

The Committee assists the District in strengthening accountability for the stewardship and efficient and effective use of District funds. The Committee also serves to promote transparency to the public of the District's financial and business operations. This includes supporting the Department's development of an audit plan (work plan).

Prior to the pandemic, a district-wide risk assessment was performed and a risk-based audit plan was presented to and approved by the Committee for the 2020/2021 year. However, with the pandemic, the Department instead focused efforts on SAF audits and placed planned department/program audits on hold to allow staff to best focus efforts on operations during the pandemic timeframe and the subsequent timeframe that included staffing challenges. This was discussed with the Board Presidents and Superintendents at the time.

Additionally, in accordance with Committee recommendations, the Department added SAF audit follow-ups into the audit plan to ascertain implementation status of previously issued audit recommendations for audits perceived to be of increased risk. As a result, a follow-up of the Department's 2019 SAF audit of McQueen HS was included in the audit plan.

Going forward, the Department would prefer to develop a multi-year audit plan. The Committee supports the Department's development of a multi-year plan to allocate internal audit resources through a rolling three-year audit plan.

Conclusion

The Audit Committee recommends the Department perform another district-wide risk assessment and construct a three-year audit plan for Committee review and consideration prior to submission to the Board of Trustees. The Committee would also have the Chief Auditor continue to monitor and evaluate the need for increased resources in the Department if Hotline Program cases continue to increase in volume and/or complexity. The Committee is proud to continue serving the Washoe County School District with efforts of substance and thought.