



**Seattle Public Schools
The Office of Internal Audit**

**Internal Audit Report
Nathan Hale High School**

September 3, 2024 through January 31, 2025

Issue Date: March 4, 2025

Executive Summary

Background

Nathan Hale High School is located in the Northeast Region of Seattle Public Schools. It has over 1,059 students and 75 staff, and operates on an annual budget of \$11.7 million.

Although Nathan Hale High School was the focus of this audit, our primary goal was to evaluate the overall system of controls put in place by the District. The decentralized nature of a school district results in a situation where many key internal control and compliance functions are performed at the individual schools. The audits conducted at the individual school level will help ensure that these key functions are being performed and are having their intended effect. This audit will also help to highlight those areas where the schools may not have clear guidance on the procedures they are expected to perform, and it will identify those situations where they have not been provided adequate resources to perform these key functions properly. In addition to the findings and recommendations noted in this report, the Office of Internal Audit is also using the knowledge gained from the school audits to develop an annual risk assessment that will be used to identify future audit areas.

This audit is intended to provide a level of assurance on how the school is operating and to identify areas of improvement. The main focus of the school audits will be on fiscal accountability, adherence to district policies and areas requiring schools to exercise some building-level autonomy over their procedures. Schools must make decisions to address the unique needs of their students, while still complying with federal or state requirements, collective bargaining agreements, and District policies and procedures. Many times, these independent decisions will differ from school to school, and there is a risk that compliance requirements will not be addressed, or that the building-level decisions will create inequity from school to school. By including these areas in the school audits, we will be able to assess the risks associated with a decentralized environment, and we will be able to cover several important topics within each school audit.

The findings and recommendations identified in this report are not intended to highlight individual shortcomings, but rather are intended to improve internal controls and processes by reviewing both how well the school follows district procedures, and if those procedures are effective. We appreciate the School's understanding of the internal audit process, and their desire to work with us on continuous improvement.

Roles and Responsibilities

Under the direction of the Audit Committee, the Office of Internal Audit is implementing its 2022-2025 Audit Plan which was approved on March 1, 2022. The Audit Plan includes School Audits. District management has the primary responsibility to establish accurate processes, monitor internal controls, and implement operational improvements. Internal Audit's function is to assess current operations, test internal controls, provide recommendations for optimization, and offer reasonable assurance on the adequacy and effectiveness of internal controls.

Audit Objectives

To ensure compliance and strong internal controls in the following areas:

- Cash Handling & Receipting
- Building Rentals
- Fundraising
- Volunteers
- Student Records
- Leave Time Approval
- Substitute Reimbursements

Scope of the Audit

September 3, 2024 through January 31, 2025.

Audit Approach and Methodology

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing. Internal Audit is an independent appraisal activity that is purposed with evaluating the efficiency and effectiveness of operations. The Office of Internal Audit is designed to add value and improve the District's operations by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of internal controls and governance of processes. Recommendations included in this audit engagement are designed to improve operations and serve as the basis for informed discussions. To achieve the audit objectives, the following procedures were performed:

- Planned the audit in cooperation with central administration staff to ensure that we had a strong understanding of the District's compliance requirements.
- Reviewed applicable District policies, administrative procedures, and written guidance provided by departments in central administration.
- Reviewed applicable Revised Code of Washington, Washington Administrative Code.
- Conducted a surprise cash count in order to observe operations in their normal environment.
- Interviewed school staff knowledgeable of each objective area.
- Analyzed available data to corroborate the information obtained.
- Examined accounting records and tested supporting documentation.

Racial Equity Considerations

This engagement included completion of the Internal Audit Racial Equity Advancement Tool. This activity is intended to help align Internal Audit with the District's Strategic Plan and racial equity goals by increasing Internal Audit's awareness of potential racial equity issues impacting the area being reviewed. This engagement did not identify areas of racial inequities within the operational and administrative aspects of Nathan Hale.

Conclusion

Based on the procedures performed, Nathan Hale High School appears to have adequate controls in each of the objective areas, except for the items noted in this report. This report includes recommendations that are intended to improve the overall accountability and transparency of the objective areas.

We extend our appreciation to the staff at Nathan Hale High School for their assistance and cooperation during the course of the audit.

Andrew Medina

Andrew Medina, CPA, CFE
Director, Office of Internal Audit

Findings and Recommendations

1) Volunteer Management

Board Policy 5630, Volunteers, governs the requirements for volunteers and Board Policy 5005, Employment Disclosures, Certification Assurance and Approvals, establishes procedures governing the disclosures of crimes, State and Federal background checks, and record check database access for fingerprinting. All volunteers are advised that they are subject to a state or national criminal background check prior to beginning as a volunteer.

Per WA State RCW 28A.320.155, Criminal History Record Information – School Volunteers: if a volunteer alerts a school district that the volunteer has undergone a criminal records check in accordance with applicable state law within the two years before the time the volunteer is volunteering in the school, then the school may request that the volunteer furnish the school with a copy of the criminal history record information or sign a release to the organization to permit the original record information to be shared with the school.

The District is committed to carefully screening volunteer candidates to ensure student safety as required by law, SPS policies, and the Washington Schools Risk Insurance Pool (our insurance provider). SPS launched online volunteer applications in September 2018 and has a corresponding SharePoint site where school staff may access the approved volunteer list for their building. Each school has a designated Volunteer Program Liaison, who receives a volunteer status roster containing volunteer application information including the background check status. The school Volunteer Program Liaison designation at Nathan Hale resides with the Administrative Secretary. This is an area where enhanced internal controls are needed; increased time and attention to the procedures is necessary to prevent unauthorized volunteers.

We noted the following concerns associated with volunteer management during the audit:

- The volunteer sign-in log, located at the Nathan Hale office front desk, from 9/03/24-12/19/24 was reviewed and compared to the official District volunteer application and background check status record. 41 total volunteers signed in at the school during this time period. Of the 41 volunteers logged at the school:
 - 24 volunteers had current background checks and approval to volunteer
 - 2 volunteers had applied, however, errors resulted from their background check, incomplete information was provided, and one was expired.
 - 15 volunteer sign-ins were not approved or listed as having a completed background check. 2 of the 15 were illegible names. 13 had clearly written names and did not have a record of applying or securing the appropriate approval to volunteer.
- There is currently one staff member, the Administrative Secretary, who serves as the Volunteer Program Liaison. In this role, the secretary manages the school sign-in process which references the Volunteer Program SharePoint site to check approvals and monitor volunteer status.

Recommendation

We recommend that the School:

- Follow District policy and procedures related to Volunteer approvals including required disclosures, training and background checks.
- Follow up with the volunteer office on incomplete or incorrect volunteer applications, including volunteers with expired background checks.
- Diligently review each volunteer as they sign in to ensure they are approved, including checking identification and referencing the District approved volunteer list which is updated daily.
- Communicate to the School and community that all volunteers must apply, pass State and National background checks prior to the start of volunteering. Include information on how to access the District's volunteer portal to apply, renew or check their status prior to volunteering at the school.
- Recommendation to cross-train the assistant secretary and fiscal specialist on the volunteer requirements and procedures.

2) Cash Handling and Receipting

The District utilizes an automated point-of-sale system called SchoolPay. The SchoolPay system is intended to improve accountability and efficiency at District schools, it reduces the risk of theft, loss, and abuse, and provides additional benefits, including standardization of the schools' receipting systems, timely financial reporting, and the ability for District families to make credit and debit card payments.

We conducted a surprise cash count and reviewed SchoolPay deposits and transactions between September 3, 2024, through January 31, 2025. Overall, cash handling, receipting and deposits were proficiently managed, organized and aligned with District procedures.

We noted the following concerns related to cash handling & receipting:

- There is only one back-up receipting staff member that has access to record payments in SchoolPay, the District's point-of-sale system. Although backup staff has the ability to process payments, additional cross-training is advised to streamline the receipting process.
- The safe combination has not been changed in over 6 years, which increases the risk of unauthorized access to any funds held in the safe.

Recommendation

We recommend that the School:

- Determine which additional back-up staff members should have access to record payments in SchoolPay. Staff members should obtain proper training provided by the District's Accounting Department and request to have their own unique user-id and password to access SchoolPay. Without sufficient cross-training and coverage, there is a risk for delayed, incomplete or inaccurate records.
- Periodically change the safe combination to enhance security over assets, including when individuals with access to the safe have a change in roles or responsibilities, or are no longer employed at the School.



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Management Response from Nathan Hale High School

The School Principal verbally concurred with the findings and appreciated the auditor's work. We will work with the Principal to develop an action plan for the next Audit Committee meeting.