



BOARD POLICY

1.60.040-P

DISTRICT PERFORMANCE AUDITOR

I. Position Established

- A. The position of Portland Public Schools District Performance Auditor is established. The auditor shall be appointed by a vote of at least four of the seven school board members based upon professional qualifications and experience. The school board may fill the position of District Performance Auditor with a salaried employee or by contracting for services with a qualified individual or firm.
- B. The auditor may be removed by a vote of at least five of the seven board members.
- C. At the beginning of each calendar year, the school board should evaluate the auditor's performance for the previous year and the auditor's salary or fee shall be adjusted accordingly. Changes in the auditor's salary or fee will be planned in the normal budget process and made effective for the fiscal year beginning on July 1st.
- D. The auditor and the auditor's office shall adhere to Government Auditing Standards in conducting its work and shall be considered independent as defined by those standards.

II. Audit Committee

- A. The Audit Committee is established for the purpose of protecting the independence of the district audit program. The auditor shall consult with the committee regarding establishment of an audit plan, audit progress, audit follow-up, special needs; and shall work to assure maximum coordination between the work of the auditor and needs of the superintendent, the school board, and external auditors.
- B. The Audit Committee shall be comprised of five members appointed by the school board and all appointees shall be independent of the district's management and administrative service. The Audit Committee will be comprised of three members of the school board and two public members that have a general knowledge of the district and the audit process. Committee members shall serve for two years, serving from July 1 to June 30, and may be re-appointed at the end of their term.

III. Assistants and Employees

- A. The auditor shall be provided a separate budget (subject to available resources) sufficient to carry out the responsibilities and functions established in this policy.

- B. The auditor shall establish an organizational structure appropriate to carrying out the responsibilities and functions of this policy.
- C. Within budget limitations and consistent with district policies and procedures, the auditor shall have the authority to appoint, employ, and remove such assistants, employees and personnel as deemed necessary for the efficient and effective administration of the affairs of the office.

IV. Scope of Audits

- A. The auditor shall have authority to conduct performance or other audits of all schools, offices, activities, and programs to independently determine whether:
 - 1. Activities and programs being implemented have been authorized by district policy, state law, or applicable federal law or regulations;
 - 2. Activities or programs are being conducted in a manner contemplated to accomplish the objective intended by district policy, state law, or applicable federal law or regulations;
 - 3. Activities or programs efficiently and effectively serve the purpose intended by district policy, state law, or applicable federal law or regulations;
 - 4. Activities and programs are being conducted and funds expended in compliance with applicable laws;
 - 5. Revenues are being properly collected, deposited, and accounted for;
 - 6. Resources, including funds, property, and personnel are adequately safeguarded, controlled and used in a faithful, effective, and efficient manner;
 - 7. Financial and other reports are being provided that disclose fairly and fully all information that is required by law, that is necessary to ascertain the nature and scope of programs and activities and that is necessary to establish a proper basis for evaluating the programs and activities;
 - 8. There are adequate operating and administrative procedures and practices, systems or accounting internal control systems and internal management controls which have been established by management; or
 - 9. Indications of fraud, abuse, or illegal acts are identified for further investigation.

- B. The auditor may provide non-audit services that are not covered by Government Audit Standards, provided that the service does not impair the auditor's independence. Decisions to perform non-audit services will be based on two overarching principles:
1. Audit organizations should not provide non-audit services that involve performing management functions or make management decisions; and
 2. Audit organizations should not audit their own work or provide non-audit services in situations where the non-audit services are significant/material to the subject matter of audits.

V. Audit Plan

- A. At the beginning of each calendar year, the auditor shall submit an annual audit plan to the Audit Committee for review, and comment. The plan shall include the schools, offices, activities, functions, and programs proposed for audit during the year. Upon review of the plan, the Audit Committee will recommend an annual audit plan to the full Board of Education for approval. This plan may be amended during the year after review with the Audit Committee.
- B. In consultation with the Audit Committee, the auditor will select topics based on potential for cost savings and service improvements; level of public and school board interest; evidence of problems or wrongdoing; risk of loss or abuse; and availability of audit staff.

VI. Supplemental Audits

- A. School board members may request that the auditor perform supplemental audits that are not included in the annual audit plan. Such requests shall be directed to the Audit Committee chair. After consultation with the Audit Committee, the auditor may amend the annual audit plan to include the supplemental audit.
- B. Supplemental audit reports will be handled the same as regular audit reports, except that if the audit involves matters that are confidential, privileged, or are otherwise exempt from disclosure under applicable state or federal law, reporting of results may be limited to the school board.

VII. Funding

- A. Funds sufficient to carry out the responsibilities specified herein shall be provided, subject to annual appropriation pursuant to local budget law.

VIII. Records

- A. The auditor shall retain for five years, a complete file of each audit report and each report of other examinations, investigations, surveys and reviews made under the auditor's authority. The file should include audit documentation and other supportive material directly pertaining to the audit report.

IX. Access to Employees, Records and Property

- A. All officers and employees of Portland Public Schools shall furnish the auditor with requested information and unrestricted access to employees, information and records (including automated data) within their custody regarding powers, duties, activities, organization, property, financial transactions, contracts and methods of business required to conduct an audit or otherwise perform audit duties. In addition, they shall provide access for the auditor to inspect all property, equipment and facilities within their custody. If such officers or employees fail to produce the aforementioned access and/or information, then the auditor may, without fee, cause a search to be made and exhibits to be taken from any book, paper or record of any such official or employee, or outside contractor or subcontractor, except as governed by statute. Further, all contracts with outside contractors and subcontractors shall provide for auditor access to all financial and performance related records, property, and equipment purchased in whole or in part with school district funds and facilities.
- B. The auditor shall not publicly disclose any information received during an audit involving matters that are confidential, privileged, or are otherwise exempt from disclosure under applicable state or federal law. Reporting in such cases may be limited to the school board.

X. Views of Responsible Officials

- A. A final draft of each audit report will be forwarded to the official responsible for the audited program and the superintendent for review and comment regarding factual content before it is released. The responsible official must respond in writing specifying agreement with audit findings and recommendations or reasons for disagreement with findings and/or recommendations, plans for implementing solutions to issues identified and a timetable to complete such activities. The auditor must receive the response within 10 working days. The

auditor will report the views of the responsible official of the audited program concerning auditor's finding, conclusions, and recommendations, as well as planned corrective actions. If no response is received within the specified time frame, the auditor will note that fact in the audit report and will release the report. In the case of contracted audits, audits may be released without inclusion of a response. The timing and method of release of an audit report will be coordinated between the Performance Auditor and the Audit Committee.

XI. Audit Reports

- A. Each audit will result in a written report containing relevant background information and findings and recommendations, and shall communicate results to the audit committee, school board, and the superintendent. The report shall also be available for public examination, except as otherwise provided in this policy.
- B. The auditor shall submit each audit report to the school board and shall retain a copy as a permanent record.

XII. Report of Irregularities

- A. If during an audit, the auditor becomes aware of abuse or illegal acts or indications of such acts that could affect Portland Public Schools, the auditor shall report the irregularities to the Audit Committee, the Superintendent, and the School Board. If the Superintendent is believed to be a party to abuse or illegal acts, the auditor shall report the acts directly to the School Board. If it appears that the irregularity is criminal in nature, the auditor shall immediately notify the appropriate prosecuting authority, in addition to those officials previously cited.

XIII. Annual Report

- A. The auditor shall submit an annual report to the school board within 90 days of the calendar year end indicating audits completed, major findings, corrective actions taken by administrative managers, and significant findings which have not been fully addressed by management.

XIV. Audit Follow-up

- A. The auditor shall follow-up on audit recommendations as practical to determine if responsible officials are implementing corrective action. The auditor may request periodic status reports from audited entities

regarding actions taken to address reported deficiencies and audit recommendations.

XV. Contract Auditors, Consultants and Experts

- A. Within budget limitations, the auditor may obtain the services of Certified Public Accountants, qualified management consultants, or other professional experts necessary to perform the auditor's duties. The auditor shall ensure that external auditors, consultants, and other specialists performing work for the auditor have adequate qualifications to perform the work and report impartially. The auditor should obtain representations from external auditors, consultants, and specialists that they are independent from the activity or program under audit. The auditor will coordinate and monitor auditing performed by public accounting or other organizations employed under contract by Portland Public Schools.

XVI. Quality Assurance Reviews

- A. The audit activities of the auditor's office shall be subject to quality review (external peer review) in accordance with applicable Government Auditing Standards by a professional, non-partisan objective group utilizing guidelines endorsed by the National Association of Local Government Auditors. A copy of the written report of this independent review shall be furnished to each member of the school board. This report shall be available to the public.
- B. The quality control review shall determine compliance with Government Auditing Standards and the quality of the audit effort and reporting, including:
1. General standards such as staff qualifications, due professional care, and quality assurance;
 2. Fieldwork standards such as planning, supervision, and audit evidence; and
 3. Reporting standards such as report content, presentation, and timeliness.
- C. The quality control review shall be conducted within three years of the start of the audit function and at least once every three years thereafter.

XVII. The Portland Public Schools shall reimburse the costs of the quality control review team from funds budgeted in the auditor's budget or other in-kind support.

History: Adopted 6/71; amended 12/83; re-organizational rescission 9/9/02; re-adopted 6/13/05 BA 3330; amended 8/13/07.