

Mary Wegner
ED693 Educational Finance
Audit Response Plan

The Single Audit Report for the Sitka School District for the year ending June 30, 2014 indicates the following:

- Type of auditor's report was Unmodified for the following:
 - Financial Statements
 - Federal Financial Assistance
 - State Financial Assistance
- No findings related to the financial statements
- No findings and questioned costs for federal awards
- No findings and questions costs for state awards
- No prior year audit findings for state or federal awards
- No current year findings and thus no corrective action plan is required

This financial audit is the best possible situation for a new superintendent like me. That being said, there are always areas that we want to focus on to ensure that internal controls are efficient and effective. One of the areas of concern noted by Cassee Olin, Business Manager for the Sitka School District, is that our principals are not actively involved in the ordering process for their non-discretionary budgets. It should be noted that directors in the district are actively involved in the ordering process because they do not have secretaries to whom they can delegate. Additionally, our work flow for purchase orders does not include a step for principal/director approval. The auditors did make a comment to Cassee during on-site audit conversations regarding the fact that our Business Manager is the only official approver in our work flow process for all purchase orders. Yet another factor in support of addressing this area is that principals, despite having a deadline of May 31st, have a habit of waiting until after the school year ends to make final purchases. Some common issues that result from this reality are that shipping costs, often calculated at the time of shipping, are finalized after the principals are off contract, and items that do not arrive by July 15th when our books are closed for the year must come out of the next year's budget. Both of these situations cause angst and concern for both the principals and the individuals in the Business Office.

There are a few other factors that support of this area of focus. First, our Alio financial software is underutilized because principals are not actively involved in using the reports and other features available in this resource. The Admin Team have participated in Alio training; however, they are not regularly using this resource and thus still call Cassee whenever they need reports or have questions about their budget. Secondly, as an Admin Team we tend to only talk about budget during the budget process, which means that our conversations are not proactive but rather tend to be defensive when it comes to the topic of the budget. It is my hope that we can grow in our confidence in talking about the budget in ways that has us all working together for the benefit of our students. Thirdly, this year the School Board set two goals related to the budget (developing a 5-year budget and revising our annual budget process), and one of the goals (developing a 5-year budget) was picked up at our recent Strategic Planning meeting as a focus goal upon which an Action Research project will be built. Consequently, I need to ensure that our entire Admin Team is well versed in the language of the budget and that they can provide insights and ground truthing during the upcoming processes.

Problem	Intervention	Evidence
<p>Principals are not active managers of their non-discretionary budgets.</p>	<ul style="list-style-type: none"> • Internal budget approval controls will change in Alio for FY16 to add a step: <ul style="list-style-type: none"> ○ Current work flow for purchase orders: Secretary/Director input > District Purchaser > Business Manager for final approval ○ New work flow for purchase orders: Secretary/Director input > Principal/Director approval > District Purchaser > Business Manager for final approval • Cassee and I will meet with the Admin Team to discuss the need for this change • Cassee will train the Admin Team in Alio during FY15 to prepare them for this new responsibility • Cassee will make the configuration changes in Alio for the work flow modification • Prior to FY16, each principal's password will change so that any secretary that currently has access to a principal's password will no longer have this access • The Admin Team will participate in quarterly budget discussions to address concerns, questions, and issues, and be active planners regarding the budget 	<p>Principals are actively approving their non-discretionary budget purchases.</p> <p>Secretaries are not logging in as Principals to circumvent the approval process, as evidenced by Business Manger spot checks examining the time stamp in Alio of the purchase order input and the purchase order approval times.</p> <p>Principals expend their non-discretionary budget by the end of May and no longer have last minute expenditures that often have unexpected budget implications for the next budget year.</p>