

Audit Committee Meeting
Tuesday, April 15, 2025 5:00 PM

Dr. Matthew Prophet Education Center - Board
Auditorium
501 N. Dixon St
Portland, OR 97227

Agenda

1. 5:00 pm - Call to Order and Introductions
2. 5:05 pm - Follow up on the status of the implementation of recommendations included in the Student Body Funds Audit
3. 5:20 pm - Status update related to the RFP process for the external ACFR auditors contract
4. 5:25 pm - Discuss Office of Internal Performance Audit (OIPA) budget request for the 2025-2026 school year and related benchmarking data
5. 5:40 pm - Status update on the Audit Committee's work plan
6. 5:55 pm - Discussion of the performance evaluation for the District's Internal Auditor
7. 6:00 pm - Planning for Future Audit Topics
8. 6:10 pm - Public Comment *To sign-up for public comment email PublicComment@pps.net or call the Board Office @ 503-916-3741.*
9. 6:15 pm - Adjourn

Purpose: To document the status of the implementation of recommendations included in the SFB Audit issued in June of 2024.

**Student Body Funds Audit
Implementation Plan**

2024 SBF Audit Recommendations				Implementation Plan			Status Update
#	Abbreviated Recommendation	Response (Agree or Disagree)	Responsible Administrator / Manager	Comment	Implementation Plan (Specific steps to be implemented)	Anticipated date implementation will be complete (generally expected within 6 months)	Status update as of 4/10/2025
1	We recommend the Accounting Services Department strengthen internal control to ensure: The required SBF training is completed prior to granting the staff access to the SBF Accounting systems and appointing them as authorized bank signers. Access to the SBF accounting system and the authorization at bank signers is terminated timely when staff change roles or leave PPS employment.	Agree	Melissa Ensminger, Sr. Manager- GL	We agree with the recommendation and will include implementation actions in our implementation plan presented to the Audit Committee within 120 days. We have worked with HR and now receive a list of current staff once a month to verify/update authorized signers	-Authorized Bank Signers: Work with HR to get a list of current employees monthly. Review that list against our Wells Fargo signer report and make necessary updates with Wells Fargo. -SBF Training checklist is to still be used by all staff to provide them access to EPES once they return the signed checklist of completed annual training. SBF Coordinator completes a 1:1 training with all new support staff.	Completed	In- progress
2	We recommend the Accounting Services Department require all staff with SBF management or oversight responsibilities complete the SBF training.	Agree	Melissa Ensminger, Sr. Manager- GL	We agree with the recommendation and will include implementation actions in our implementation plan presented to the Audit Committee within 120 days.	All staff are to complete the training and return the signed completed checklist when returning for the school year. In addition, any new staff is required to complete the training. The SBF Coordinator also completes a 1:1 training with all new support staff. The SBF Coordinator participate in the new principal training as well. For New Admins it will be a combination with the pepper trainings and the new administrator trainings which the CFO will be involved in.	Partially Completed, 7/1/2025	In- progress
3	We recommend the Accounting Services Department strengthen internal controls to ensure SBF transactions are for allowable purposes and are adequately supported by the required documentation.	Agree	Melissa Ensminger, Sr. Manager- GL	Accounting Services had 2.0 FTE and could follow the full SBF District Review procedures. Since there has been a reduction to 1.0 FTE, review procedures have been modified to align with the current staffing level. It would take an additional FTE to return to the full review procedural process.	Unable to do, see comments	N/A	Outstanding

4	We recommend the Accounting Services Department strengthen internal controls to ensure SBF Monthly Reconciliation Reports are complete, timely, and contain all required documents; and deposits of SBF funds are timely.	Agree	Melissa Ensminger, Sr. Manager- GL	We agree with the recommendation and will include implementation actions in our implementation plan presented to the Audit Committee within 120 days.	We have improved our SBF Bank Recon checklist and are tracking the receipt of the bank recons timely. In addition, we have created a SBF Overdue Reconciliation Action table and are following accordingly. During review of SBF Bank Recon if any documentation is missing we email the school requesting and hold off on the review of that recon until all of the required documentation is received. As other GL teammembers have capacity we are having them assist on the logging/review of the SBF Bank Reconciliations	Completed	Confirmed
5	We recommend the Accounting Services Department perform the SBF District Review procedures to provide adequate oversight of SBF funds and ensure complete and accurate accounting, tracking, and safeguarding of SBF.	Agree	Melissa Ensminger, Sr. Manager- GL	Accounting Services had 2.0 FTE and could follow the full SBF District Review procedures. Since there has been a reduction to 1.0 FTE, review procedures have been modified to align with the current staffing level. It would take an additional FTE to return to the full review procedural process.	With the implementation of the SBF Overdue Action Table if the school reaches either Tier I Occurance 4 or Tier II Occurance 3, they would be required to have a Desk Audit completed.	N/A	Outstanding
6	We recommend the Accounting Services Department develop a formal SBF Training course in the PPS professional development application (Pepper) and develop internal control procedures to ensure the training module is reviewed annually and updated when necessary.	Agree	Melissa Ensminger, Sr. Manager- GL	We agree with the recommendation and will include implementation actions in our implementation plan presented to the Audit Committee within 120 days. Accounting Services has recently worked with IT to create the initial Pepper Training shells so that we can work on creating the actual Pepper Trainings.	We have gained access to the Pepper site and are currently working on building the Pepper Trainings	August 1, 2025	In-progress
7	We recommend PPS discontinue the utilization of the SBF account as a pass-through account for non SBF related revenues and expenditures or update the SBF policy, administrative directives, SBF manual, and SBF training to include adequate guidance and oversight of these pass-through funds.	Agree	Melissa Ensminger, Sr. Manager- GL	We agree with the recommendation and will include implementation actions in our implementation plan presented to the Audit Committee within 120 days.	Although we updated the SBF Manual, we were unable to get to this section so that the schools had the new manual for FY25. We plan to update the SBF manual to include guidance on pass-through accounts.	July 1, 2026	In-progress

Portland Public Schools
Update on the role of the Audit Committee in the RFP process for external auditors
April 15, 2025

As discussed in the Audit Committee's December meeting, the district's current contract for Financial Auditing Services with Talbot, Korvola & Warwick ended on March 31, 2025. The Finance Department developed a Request for Proposal (RFP) for a five-year contract for April 1, 2025 - March 31, 2030, with five additional annual contract extensions that can be used at the district's discretion through March 31, 2035. The RFP was issued on October 31, and proposals were due on January 8, 2025.

Here is the timeline for the RFP process:

ACTIVITY	DATE
Issuance of Request for Proposal	November 1, 2024
Deadline for Questions or Clarifications	December 3, 2024
Final Addenda Deadline	December 18, 2025
Proposals Due	January 8, 2025
Notice of Intent to Award	February 20, 2025
Board Approval Date	April 8, 2025
Anticipated Contract Start	April 9, 2025
Project Completion Date	March 31, 2030

Staff recommends the following composition of the evaluation panel to review and score the proposals:

- 2 PPS Staff Members- Melissa Ensminger, Michelle Morrison
- 1 PPS Internal Auditor- Janise Hansen
- 1 PPS Board Member- Patte Sullivan
- 1 Audit Committee Community Member- Caroline Zavitkovski

The District received a single proposal from Talbot, Korvola & Warwick, LLP (TKW) that was reviewed by the evaluation panel above and met the requirements of the RFP. The number of firms that provide services in Oregon has declined due to increased costs and recent additions to the process as required by federal, state, and local/internal requirements. The firm has received Notice of Award and a schedule for both preliminary and final audit activities for FY25.

Purpose: To document the FY26/SY 2025-2026 budget request for the Office of Internal Performance Audit (OIPA).

Account	Budget request for FY 26	FY 25 Current year budget	FY 2024	Notes
511220 Non-Represented Staff 521000 PERS 521310 PERS UAL 522000 Social Security - FICA 523100 Workers' Compensation 523200 Unemployment Compensation 524100 Group Health Insurance 524200 Other Employer Paid Benefits 524300 Retiree Health Insurance 524530 Early Retirement Benefits	400,653	369,682	356,643	Sum of Current year salary and benefit related costs for 2025-2026 provided by Senior Budget Analyst in the Budget Office.
531800 Local Mtgs/Non-Instr Staff Dev 534100 Travel, Local In District 534200 Travel, Out of District	5,000	3,996	3,996	Professional development training - 40 hours of audit related training is required for both PPS Internal Auditors annually.
564000 Dues and Fees	500	-	-	Dues and fees for professional audit association memberships: Association of Local Government Auditors (ALGA) and the Institute of Internal Auditors (IIA)
	406,153	373,678	360,639	

32,475 estimated Increase

- 30,971 increase related to salary costs increase specifically related to required professional
- 1,004 training requirements increase related to professional auditor association
- 500 membership



PORTLAND PUBLIC SCHOOLS

Office of Internal Performance Audit

501 North Dixon Street / Portland, OR 97227

Telephone: (503) 916-2000

Mailing Address: P. O. Box 3107 / 97208-3107

Date: April 15, 2025

To: Audit Committee

From: Janise Hansen, CIA – Sr. Internal Performance Auditor
Office of Internal Performance Audit

Subject: 2024-2025 Audit Committee Work Plan Update

Primary responsibilities of the Audit Committee:

1. Oversight and support for the Office of Internal Performance Audit (OIPA)
2. Recommends the OIPA's annual Internal Performance Audit Plan ("Audit Plan") to the Board and provides ongoing oversight of the Audit Plan and individual audits
3. Recommends external auditors to the Board and provides ongoing oversight of audits performed by external auditors

Audit Committee Work Plan:

1. Review Bond Performance Audit Reports and provide ongoing oversight of the implementation of recommendations
2. Oversight of the OIPA's annual Internal Performance Audit Plan
3. Reviews and recommends actions related to the audit of District's Annual Comprehensive Financial Report (ACFR), the audit of the District's expenditures of federal awards, and provides ongoing oversight of the implementation of recommendations
4. Support the Office of Internal Performance Audit
5. Recommends external auditors to the Board

2024-2025 Audit Committee Work Plan Update

- ✓ **Finance to report on corrective actions related to last year's financial statement preparation finding**
 - Ties to Audit Committee Primary Responsibility 3
 - Ties to Audit Committee Work Plan Item 3

- ✓ **Status update related to the ACFR/SA Auditor's Contract RFP**
 - Ties to Audit Committee Primary Responsibility 3
 - Ties to Audit Committee Work Plan Item 5

- ✓ **Overview of the Office of Internal Performance Audit (OIPA)**
 - Ties to Audit Committee Primary Responsibility 1
 - Ties to Audit Committee Work Plan Item 4

- ✓ **Audit Committee work plan for the 2024/2025 school year**
 - This document

- ✓ **OIPA Annual Report**
 - Ties to Audit Committee Primary Responsibility 1
 - Ties to Audit Committee Work Plan Items 2 and 4

- ✓ **OIPA 2024/25 Audit Plan**
 - Ties to Audit Committee Primary Responsibility 1 and 2
 - Ties to Audit Committee Work Plan Items 2 and 4

- ✓ **Presentation of the audit results for the Annual Comprehensive Financial Report (ACFR) and the Report on Requirements for Federal Awards**
 - Ties to Audit Committee Primary Responsibility 3
 - Ties to Audit Committee Work Plan Item 3

Action Required: Recommendation from Audit Committee to the full Board to accept the ACFR audit at the next Board meeting.

- ESL Audit Report**
 - Ties to Audit Committee Primary Responsibility 1 and 2
 - Ties to Audit Committee Work Plan Items 2 and 4

ETA: June 2025 Audit Committee meeting

- ✓ **Status update related to the ACFR/SA Auditor's Contract RFP**
 - Ties to Audit Committee Primary Responsibility 3
 - Ties to Audit Committee Work Plan item 5

2024-2025 Audit Committee Agenda



Status of the implementation of recommendations made by the District's external Bond auditors

- Ties to Audit Committee Primary Responsibility 3
- Ties to Audit Committee Work Plan Item 3

Hardship Petition Audit - Status of the Implementation of Recommendations

- Ties to Audit Committee Primary Responsibility 2
 - Ties to Audit Committee Work Plan Items 2 and 4
- ETA: June 2025 Audit Committee meeting**

Contracts Audit - Status of Implementation of the Recommendations

- Ties to Audit Committee Primary Responsibility 2
 - Ties to Audit Committee Work Plan Items 2 and 4
- ETA: June 2025 Audit Committee meeting**

Building Security Audit Report

- Ties to Audit Committee Primary Responsibility 2
 - Ties to Audit Committee Work Plan Item 2 and 4
- Will roll over to the 2025-2026 Audit Plan**

OIPA Budget: Discussion, Review, and Approval

- Ties to Audit Committee Primary Responsibility 1
- Ties to Audit Committee Work Plan Item 4

Action Required: Recommendation from the Audit Committee to the full Board to approve the OIPA budget for the 2025-2026 school year

Included in the April 2025 Audit Committee meeting

Discuss Future Audit Topics

- Ties to Audit Committee Primary Responsibility 2
 - Ties to Audit Committee Work Plan Items 2 and 4
- Included in the April 2025 Audit Committee meeting**

Discussion about the annual performance evaluation for the Sr. Internal Performance Auditor

- Ties to Audit Committee Primary Responsibility 2
 - Ties to Audit Committee Work Plan Items 2 and 4
 - Due by 6/30/2025
- Included in the April 2025 Audit Committee meeting**

Year 6 Bond Audit Report

- Ties to Audit Committee Primary Responsibility 1
- Ties to Audit Committee Work Plan Items 2 and 4

The year 6 audit report has been submitted to PPS Management for a response. The finalized report will probably be ready to discuss in the June 2025 Audit Committee meeting.

Student Body Funds Audit - Status of the Implementation of Recommendations.

- Ties to Audit Committee Primary Responsibility 2
 - Ties to Audit Committee Work Plan Items 2 and 4
- Included in the April 2025 Audit Committee meeting**



Confirm financial statement auditor's contract in place for the 2025-26

- Ties to Audit Committee Primary Responsibility 3
 - Ties to Audit Committee Work Plan Item 5
- Contract approved in the 4/8/2025 Board meeting, Resolution 7081**

Discussion about the annual performance evaluation for the Sr. Internal Performance Auditor

- Ties to Audit Committee Primary Responsibility 2
 - Ties to Audit Committee Work Plan Items 2 and 4
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- Due by 6/30/2025
- Included in the April 2025 Audit Committee meeting**

Review and Approve Audit Plan for the 2025-2026 School Year

- Ties to Audit Committee Primary Responsibility 2
- Ties to Audit Committee Work Plan Items 2 and 4

Action Required: Recommendation from Audit Committee to the full Board approve Audit Plan for the 2025-26 school year

ETA: June 2025 Audit Committee meeting

CTE Audit Report

- Ties to Audit Committee Primary Responsibility 2
 - Ties to Audit Committee Work Plan Items 2 and 4
- Will roll over to the 2025-2026 Audit Plan**

Measure 98 Audit

- Ties to Audit Committee Primary Responsibility 2
 - Ties to Audit Committee Work Plan Items 2 and 4
- Will roll over to the 2025-2026 Audit Plan**