Special Meeting
Tuesday, September 29, 2026 6:00 PM

Virtual

Agenda

1. Call to Order / Introductions
2. Resolution to Approve the Responses to the Board Recommendations in the Draft Bond Performance Audit for Fiscal Years 2024-25 and 2025-26 (Resolution 7382)

3. Adjourn

Resolution No. 7382

Resolution to Approve the Responses to the Board Recommendations in the Draft Bond Performance Audit for Fiscal Years 2024-25 and 2025-26

RECITALS

A. The PPS Board of Education (Board) has received a confidential draft audit report (Draft Report) from PPS's external bond auditors. The Draft Report contains ten recommendations directed to the Board.
B. The Board takes audit results seriously and uses audit recommendations to assess and improve District practices and outcomes.
C. The Board expects the final audit report to be publicly released by the external auditors on October 6, 2026, and that the auditors will present their report to the Board on October 20, 2026. The Board expects further discussion of the final audit report, Board and management responses, and implementation plans and progress to be discussed in future meetings with the Audit Committee, Bond Accountability Committee, and the full Board.

RESOLUTION

The Board hereby adopts the draft responses attached hereto as Exhibit A and instructs the Superintendent to include these responses in the District's submission to the external auditors no later than October 1, 2026.

Recommendation 4: Assign the Board's Office of Internal Performance Auditor responsibility to periodically review implementation as part of its assurance function to determine if corrective controls are implemented as needed.		
Concur or Nonconcur with Recommendation	**Target date to complete implementation activities** *(Generally expected within in 6 months)*	**Name and phone number of specific point of contact for implementation**
Concur	January 2027	Janise Hansen, CIA PPS Internal Auditor (503) 916-3200

Narrative for Recommendation 4:

The PPS Board of Education (Board) agrees the Office of Internal Performance Audit (OIPA) should periodically review the implementation of bond audit recommendations as part of its assurance function. We will direct the OIPA to begin this work immediately and develop an implementation plan that will describe how the OIPA will perform this responsibility. The implementation plan will be presented to the Audit Committee for review and feedback.

Recommendation 28: Assign the Office of Internal Performance Auditor responsibility for providing assurance that (1) the methodology for reducing district costs from monthly Procedeo bond program management invoices complies with contract provisions and (2) controls in place are functioning as intended.		
Concur or Nonconcur with Recommendation	**Target date to complete implementation activities** *(Generally expected within in 6 months)*	**Name and phone number of specific point of contact for implementation**
Concur	June 2027	Janise Hansen, CIA PPS Internal Auditor (503) 916-3200

Narrative for Recommendation 28:

The Board agrees the OIPA should provide assurance that (1) the methodology for reducing district costs from monthly Procedeo bond program management invoices and (2) controls in place are functioning as intended. We will direct the OIPA to immediately begin this work and develop a two-phased implementation plan.

> Phase 1: Develop a short-term implementation plan to immediately begin a review of (1) the methodology for reducing district costs from monthly Procedeo bond program management invoices comply with contract provisions and (2)

controls in place are functioning as intended. The Board expects Phase 1 implementation to be in place by January, 2027.

Phase 2: Develop a long-term implementation plan for this recommendation that includes the hiring of an additional auditor with capital delivery and bond program audit expertise (to be funded with bond funds).

The assigning of this responsibility to OIPA is effective immediately, however the full implementation of this recommendation will depend on budget availability and the hiring process. As a result, we have identified June 2027 as the target implementation date.

Recommendation 29: Incorporate elements of fiscal responsibilities and accountability into the Board's upcoming 2027 strategic plan and vision to memorialize board fiscal responsibilities for internal controls in general and over the bond program. This should include an explicit definition of the differences between operational direction and exercising fiscal oversight as part of district controls and accountability.

Concur or Nonconcur with Recommendation	**Target date to complete implementation activities** *(Generally expected within in 6 months)*	**Name and phone number of specific point of contact for implementation**
Concur with comment to prominently memorialize fiscal responsibility and accountability	June 2027	Board of Education (503) 916-3200

Narrative for Recommendation 29:

The Board agrees with this recommendation to memorialize its commitment to fiscal responsibility and accountability. While the Board has discussed plans to develop a strategic plan, the Board has yet to commit to the development of a 2027 strategic plan. As a result, the Board will identify and incorporate elements of fiscal responsibilities and accountability for internal controls in general and over the bond program as part of the updates to the Board's "Expectations and Operating Protocols" document. The document will also be updated to include an explicit definition of the differences between operational direction and exercising fiscal oversight as part of district controls and accountability.

The Board will meet within 30 days to assign the updating of the Board's "Expectations and Operating Protocols" to an existing Board committee or will schedule a full Board Retreat where this work will begin.

Recommendation 30: Revise the Board's "Expectations and Operating Protocols" document or authoritative documents to guide members on the specific responsibilities and activities they should employ to oversee capital funding, capital projects, and the bond program. This could include expanding expectations in the "understand our fiduciary responsibilities" section of the document.		
Concur or Nonconcur with Recommendation	**Target date to complete implementation activities** *(Generally expected within in 6 months)*	**Name and phone number of specific point of contact for implementation**
Concur	June 2027	Board of Education (503) 916-3200

Narrative for Recommendation 30:

The Board agrees with this recommendation and will update the Board's "Expectations and Operating Protocols" document to guide members on the specific responsibilities and activities they should employ to oversee capital funding, capital projects, and the bond program. This will include expanding expectations in the "understand our fiduciary responsibilities" section of the document.

The Board will meet within 30 days to assign the updating of the Board's "Expectations and Operating Protocols" to an existing Board committee or will schedule a full Board Retreat where this work will begin.

Recommendation 31: Memorialize expectations and new protocols to guide how board members are afforded the opportunity to ask questions and scrutinize bond activity as part of deliberations and due diligence either in the Board's "Expectations and Operating Protocols" document or in Board Policy 1.70.011-P Board Meetings and Protocols.		
Concur or Nonconcur with Recommendation	**Target date to complete implementation activities** *(Generally expected within in 6 months)*	**Name and phone number of specific point of contact for implementation**
Concur	June 2027	Board of Education (503) 916-3200

Narrative for Recommendation 31:

The Board agrees it should memorialize expectations and new protocols to guide how board members are afforded the opportunity to ask questions and scrutinize bond activity as part of deliberations and due diligence the Board's "Expectations and Operating Protocols" document.

The Board will meet within 30 days to assign the updating of the Board's "Expectations and Operating Protocols" to an existing Board committee or will schedule a full Board Retreat where this work will begin.

<table>
<tr><td colspan="3">Recommendation 32: Reiterate and follow the Board's "Expectation and Operating Protocols" document Section V.A.3 where if district staff is unable to answer a question that comes up in board meeting discussion, the Board office will note the question and provide follow-up to the Board. These protocols could include supporting analysis, when relevant, in subsequent board meetings to address board inquiries.</td></tr>
<tr><th>Concur or Nonconcur with Recommendation</th><th>Target date to complete implementation activities
(Generally expected within in 6 months)</th><th>Name and phone number of specific point of contact for implementation</th></tr>
<tr><td>Concur</td><td>June 2027</td><td>Board of Education
(503) 916-3200</td></tr>
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Narrative for Recommendation 32:

To implement recommendation 30 and 31, the Board is committed to updating the Board's "Expectation and Operating Protocols" document. The Board will ensure the updated protocols clearly communicate expectations for follow up and transparency regarding Board member questions the Board that staff are unable to answer during the Board meeting.

The Board will meet within 30 days to assign the updating of the Board's "Expectations and Operating Protocols" to an existing Board committee or will schedule a full Board Retreat where this work will begin.

<table>
<tr><td colspan="3">Recommendation 33: Track unanswered board member questions raised during public board meetings to record district responses in the Board-District Q&A document and post to the BoardBook public meeting platform to enhance transparency and give the public insight into the veracity of board due diligence and oversight.</td></tr>
<tr><th>Concur or Nonconcur with Recommendation</th><th>Target date to complete implementation activities
(Generally expected within in 6 months)</th><th>Name and phone number of specific point of contact for implementation</th></tr>
<tr><td>Concur</td><td>June 2027</td><td>Dr. Kimberlee Armstrong, Superintendent
(503) 916-3200</td></tr>
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Narrative for Recommendation 33:

The Board agrees with this recommendation and will direct the Superintendent to implement it, subject to applicable legal or privacy constraints and any other refinements the Board may define in the "Expectations and Operating Protocols" document.

Recommendation 34: Instruct the Office of Internal Performance Auditor to hire an additional audit employee with capital delivery and bond program audit expertise (paid for with bond funds) to provide objective review over the bond program as an extension of the Board's oversight and ensure audit staff receive regular capital project delivery training.		
Concur or Nonconcur with Recommendation	**Target date to complete implementation activities** *(Generally expected within in 6 months)*	**Name and phone number of specific point of contact for implementation**
Concur	June 2027	Janise Hansen, CIA PPS Internal Auditor (503) 916-3200

Narrative for Recommendation 34:

The Board agrees with the recommendation and will direct the Internal Auditor to begin the process to hire an additional audit employee with capital delivery and bond program audit expertise (paid for with bond funds). The hiring of the additional auditor will support the OIPA's ability to provide objective review over the bond program as an extension of the Board's oversight.

The Board will also direct the Internal Auditor to identify and obtain regular capital project delivery training for audit staff.

The direction from the Board to OIPA to implement this recommendation is effective immediately, however the full implementation of this recommendation will depend on budget availability and the hiring process. As a result, we have identified June 2027 as the target implementation date.

Recommendation 35: Assign the Board's Office of Internal Performance Auditor responsibility to conduct annual reviews of bond expenditures and provide assurance to taxpayers that bond funds are spent only for their intended and allowable purposes.		
Concur or Nonconcur with Recommendation	**Target date to complete implementation activities** *(Generally expected within in 6 months)*	**Name and phone number of specific point of contact for implementation**
Concur with the understanding that the OIPA may oversee	June 2027	Janise Hansen, CIA PPS Internal Auditor (503) 916-3200

the efficient use of external audit resources to fulfill this assignment.		

Narrative for Recommendation 35:

The Board agrees with this recommendation and will direct the Internal Auditor to include an annual review of bond expenditures in the Office of Internal Performance Audit's 2026-2027 Audit Plan. OIPA may oversee the efficient use of external audit resources to fulfil this assignment.

The results of the annual review of bond expenditures will be presented to the Audit Committee, as well as the Bond Accountability Committee.

Recommendation 36: Have the Office of Internal Performance Auditor, or a public industry member from the Board Audit Committee, develop and provide training to the Board regarding the internal audit assurance function including roles and responsibilities of the Board Audit Committee.		
Concur or Nonconcur with Recommendation	**Target date to complete implementation activities** *(Generally expected within in 6 months)*	**Name and phone number of specific point of contact for implementation**
Concur	June 2027	Janise Hansen, CIA PPS Internal Auditor (503) 916-3200

Narrative for Recommendation 35:

The Board agrees with this recommendation and will direct the OIPA to provide training to the Board regarding the internal audit assurance function including roles and responsibilities of the Board Audit Committee to augment training that has previously been delivered.

The direction from the Board to OIPA to implement this recommendation is effective immediately, however we have identified June 2027 as the target implementation date to provide OIPA with adequate time to identify and deliver training to the Audit Committee and the full Board.