



Arlington  
Public  
Schools

APS Internal Audit  
Department

# Annual Audit Report

June 4, 2020

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*Director, Internal Audit*



- **Overview of Internal Audit at APS**
- **FY 2020 Audits**



# Overview – Internal Audit

- Provide **operational, financial, and compliance audit services** to APS
- **Advisor and resource to school leadership and School Board** on policy, internal controls and best practices in fiscal and business operations
- **Annual audit plan approved by School Board**



- Identify **potential efficiencies, cost savings and revenue opportunities**, including overtime.
- Evaluate **employee expense** reimbursement controls and compliance with approved policies.
- Assess level of compliance with each of the English Learner **settlement agreement** requirements.



# Overtime Expenditures

- APS incurred \$2.7 million in FY19 overtime.
- Analyze root causes and processes to approve and track overtime incurred.



# Overtime Expenditures

## **Maintenance:**

- Actual FY19 Overtime of \$308,000 is less than prior years but above budget of \$177,000.
- As most staff are full time, most overtime is at the premium 1.5 times hour rate.
- Overtime is used to staff weekend, on-call and seasonal maintenance hours that exceed scheduled hours.
- If more tasks were done at regular rate, these funds could be used more effectively to meet maintenance demands.



# Overtime Expenditures

## Management Response:

- HVAC, electrical and plumbing overtime occurs on the weekend.
- Some M scale employees already have a regular weekly schedule which runs either Tues-Sat, Wed-Sun or Sun-Thurs and that is the most obvious route to reduce overall overtime.
- As open positions are filled after the current hiring freeze, Director, Maintenance Services will collaborate with Human Resources to negotiate working days for new hires that include Saturdays and Sundays.



# Overtime Expenditures

## Plant Operations - Custodians

- Actual FY19 Overtime of \$285,000 is consistent with prior years.
- As most staff are full time, most overtime is at premium 1.5 times hour rate.
- Overtime fills the gap for absent custodian hours that are not covered by regular relief custodian hours.
- If more tasks were done at regular rate, these funds could be used more effectively to meet cleaning demands.





# Overtime Expenditures

## **Management Response:**

- Apprenticeship Program and the additional relief custodian proposed in the original FY21 proposed budget were intended to avoid exceeding the budget line item for custodial overtime.
- Unfortunately, it has not been possible in the revised FY21 proposed budget.
- Plant Operations will attempt to limit the amount of additional overtime by declining requests for relief custodians at elementary schools with four or five custodians whenever possible, recognizing cleanliness and staffing limitations.



## Transportation

- Transportation incurred \$316,000 of premium (1.5 times hourly rate) overtime out of a total of \$1.2 million overtime in FY19.
- Overtime has been used over the past years to fill the gap for transportation hours not covered by scheduled staff.
- Potential to reduce costs by \$100,000 if more tasks were done at regular rate to meet transportation demands.



# Overtime Expenditures

## **Management Response:**

- Floater driver positions allow more effective budget management while providing improved services to our students.
- These were included but were not approved in the Interim Superintendent's original FY21 proposed budget and will again be proposed in the FY22 budget process.



# Overtime Expenditures

## Management Response

- Transportation Services started in FY20 to assign overtime on rotation in order of seniority.
- This will provide more equitable distribution of overtime hours and reduce the number of hours performed at 1.5 times the standard rate.
- It is expected that this control will reduce the amount of overtime performed at the higher rate in FY 2021.



## **Employee expense reimbursements**

Reviewed controls for compliance with APS policies for all types of employee payments:

- Purchasing card transactions billed to APS;
- Reimbursements for allowable items;
- Payments for approved tuition scholarships.



# Expense Reimbursements

Payments from July 2018 through November 2019 were considered for review:

- 5,804 check payments to 1562 employees totaled \$1.6 million;
- 16,718 purchasing card transactions initiated by 312 employees totaled \$2.9 million (December 2018 through September 2019 billing cycles);
- Selected and reviewed sample transactions for school business purpose, receipts and compliance with policy.



# Expense Reimbursements

Results: All audit objectives were fulfilled

- APS has an effective system of controls that assists in managing expense reimbursements.
- Payments are made in accordance with policy guidelines.



# DOJ Settlement Agreement

Department of Justice (DOJ) acknowledged in June 2019 that APS has already undertaken measures to address many issues of its English Learner (EL) programs and practices.

Internal Audit worked with APS staff to:

- Review financial and EL staffing requirements and demands of settlement agreement.
- Review APS plan to comply with all requirements.
- Assess ability to set-up and track data needed to meet future reporting requirements.





# DOJ Settlement Agreement

- APS has met all scheduled reporting dates through May 2020.
- APS has pro-actively communicated to the DOJ the challenges of required in-person staff professional education requirements with current distancing protocols.
- FY21 budget includes funds for future compliance requirements:
  - 35.4 new EL teacher positions offset partially by reduction in 23.5 EL assistant positions.
  - 4 Cued Language Translators



# Internal Audit Next Steps

- Update APS Risk Analysis model to identify and reflect any new control challenges from the current environment
- Develop internal audit plan for FY 2021



# Annual Audit Report

Questions?