

Date: April 12, 2018

For ACTION _____

For INFORMATION X

Board Agenda: Yes X
No _____

FROM: Michael Herbstman, Chief Financial Officer
Sharon Lewis, Director of Procurement & General Services

THROUGH: Dr. Lois Berlin, Interim Superintendent of Schools

TO: The Honorable Ramee A. Gentry, Chair, and Members of the Alexandria City School Board

TOPIC: **Performance Audit Staff Update: Procurement Process**

BACKGROUND:

After an outside consultant completed a Risk Assessment of ACPS, the School Board approved funding in the FY 2016 Combined-Funds Budget for an internal audit program. In the spring of 2016, the School Board awarded a contract to Gibson Consulting Group to conduct audits in the following areas: Procurement, Facilities, and Payroll.

The Procurement audit began in August 2016 and was substantially complete in early 2017. The final audit report, including management responses, was issued to the School Board on April 7, 2017. Significant progress was already made towards implementing audit recommendations at the time of the Auditor's report.

On November 9, 2017, Gibson Consulting Group presented the School Board with the audit results for all three functional audits.

SUMMARY:

The Procurement Process audit report was finalized one year ago. Since that time, Procurement Office staff and other division-wide employees have continued to make extensive progress towards the audit recommendations.

Of the 21 audit recommendations:

- 19 (90.5%) have already been fully implemented on schedule.
- 1 (4.8%) will be completed in May 2018 (after the original deadline).
- 1 (4.8%) was a recommendation that staff disagreed with in the original management response and chose not to implement.

All of the Procurement Process audit recommendations and their statuses are detailed within the attached presentation.

This report on the Procurement Process audit begins the second round of quarterly updates on the Gibson audits. The Payroll Process and Facilities Process audits will be presented on May 24 and June 7 respectively. Then, staff will continue to present the School Board quarterly updates on each audit until all recommendations have been implemented.

Only one Procurement recommendation remains open after this report and it is expected to be completed in May. Therefore, rather than a full Procurement update in September, Staff will present the final Procurement update as a part of the Payroll update on May 24.

RECOMMENDATION: The Superintendent recommends that the School Board reviews the Procurement Process Audit Report and the progress made on the audit recommendations.

CONTACT PERSON: Michael Herbstman, Chief Financial Officer

ATTACHMENTS:

1. Final Procurement Audit Report
2. Performance Audit Staff Updates: Procurement Process Presentation