

Washington State Auditor's Office
Accountability Audit Report

Ferndale School District No. 502
Whatcom County

Report Date
April 15, 2014

Report No. 1011698

Issue Date
April 24, 2014



Washington State Auditor
Troy Kelley

Independence • Respect • Integrity



Washington State Auditor Troy Kelley

April 24, 2014

Board of Directors
Ferndale School District No. 502
Ferndale, Washington

Report on Accountability

We appreciate the opportunity to work in cooperation with your District to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role to advocate for government accountability and transparency and to promote positive change.

Please find attached our report on Ferndale School District No. 502's accountability and compliance with state laws and regulations and its own policies and procedures. Thank you for working with us to ensure the efficient and effective use of public resources.

Sincerely,

TROY KELLEY
STATE AUDITOR

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Whatcom County
April 15, 2014

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Audit Summary

Ferndale School District No. 502
Whatcom County
April 15, 2014

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of Ferndale School District No. 502 from September 1, 2011 through August 31, 2013.

We evaluated internal controls and performed audit procedures on the activities of the District. We also determined whether the District complied with state laws and regulations and its own policies and procedures.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. The following areas were examined during this audit period:

- Open Public Meetings Act
- Student transportation reporting
- Alternative Learning Experience program
- Payroll and benefits
- Small and attractive assets
- Third party cash receipting
- Student enrollment reporting

RESULTS

In the areas we examined, the District's internal controls were adequate to safeguard public assets. The District also complied with state laws and regulations and its own policies and procedures in the areas we examined.

Related Reports

Ferndale School District No. 502
Whatcom County
April 15, 2014

FINANCIAL

Our opinion on the District's financial statements and compliance with federal grant program requirements is provided in a separate report, which includes the District's financial statements.

FEDERAL GRANT PROGRAMS

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the District's major federal programs, which are listed in the Federal Summary section of the financial statement and single audit report.

Description of the District

Ferndale School District No. 502 Whatcom County April 15, 2014

ABOUT THE DISTRICT

Ferndale School District No. 502 encompasses approximately 150 square miles including portions of unincorporated Whatcom County and the city of Ferndale. The District operates five elementary schools, two middle schools and two high schools, serving approximately 5,000 students.

An elected, five-member Board of Directors governs the District. The Board appoints a Superintendent to oversee the District's daily operations as well as its 670 employees. For fiscal years 2012 and 2013, the District operated on general fund budgets of approximately \$47.4 million and \$48.8 million, respectively.

ELECTED OFFICIALS

These officials served during the audit period:

Board of Directors:

Stuart McKay
Lee Anne Riddle
Troy Clark (through September 2011)
Andrew McLaurin (effective October 2011)
Dr. Kevin Erickson
Tim Ballew II (through October 2011)
Hugh Foulke (effective November 2011)

APPOINTED OFFICIALS

Superintendent
Executive Director of Business and
Support Services

Linda Quinn

Mark Deebach

DISTRICT CONTACT INFORMATION

Address: Ferndale School District No. 502
P.O. Box 698
Ferndale, WA 98248

Phone: (360) 383-9203

Website: www.ferndale.wednet.edu

AUDIT HISTORY

The District went from a one-year to a two-year audit cycle in 2011. The past five audits of the District reported one area of concern. The 2011 audit contained an internal control finding over the Alternative Learning Experience program. This finding has been resolved.

Status of Prior Audit Findings

Ferndale School District No. 502 Whatcom County April 15, 2014

The status of findings contained in the prior years' audit reports of Ferndale School District No. 502 is provided below:

- 1. The District lacked adequate controls to ensure compliance with Alternative Learning Experience program requirements, resulting in an overpayment.**

Report No. 1007778, dated May 21, 2012

Background

The District overreported Alternative Learning Experience (ALE) enrollment due to personnel not having an adequate understanding of the requirements for claiming funding for ALE students. This resulted in an overpayment to the District of approximately \$54,739. Additionally, the District's written student learning plans for ALE students did not contain all the required information defined in state regulation for its ALE students.

Status

The condition reported during the 2011 audit has been resolved. The District has worked with Office of Superintendent of Public Instruction to repay funds and is maintaining student learning plans for ALE students that contain all required information.



ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens as an advocate for government accountability. As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

The State Auditor's Office employees are located around the state to deliver services effectively and efficiently.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive quality assurance program.

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Deputy Director of Quality Assurance
Deputy Director of Communications
Local Government Liaison
Public Records Officer
Main number
Toll-free Citizen Hotline

Troy Kelley
Doug Cochran
Chuck Pfeil, CPA
Kelly Collins, CPA
Jan M. Jutte, CPA, CGFM
Sadie Armijo
Mark Rapozo, CPA
Lou Adams, CPA
Barb Hinton
Thomas Shapley
Mike Murphy
Mary Leider
(360) 902-0370
(866) 902-3900

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