

Washington State Auditor's Office
Accountability Audit Report

Taholah School District No. 77
Grays Harbor County

Report Date
May 1, 2014

Report No. 1011776

Issue Date
May 8, 2014



Washington State Auditor
Troy Kelley

Independence • Respect • Integrity



Washington State Auditor Troy Kelley

May 8, 2014

Board of Directors
Taholah School District No. 77
Taholah, 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 Taholah School District No. 77'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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Grays Harbor County
May 1, 2014

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Audit Summary

Taholah School District No. 77 Grays Harbor County May 1, 2014

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of Taholah School District No. 77 from September 1, 2012 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
- General revenue/expenditures
- Key system controls over cash receipting, disbursements and payroll
- Teacher education and experience (staff mix) reporting
- Student enrollment reporting
- Student transportation reporting
- Financial condition
- Payroll
- Associated Student Body
- General disbursements

RESULTS

In most areas, the District complied with state laws and regulations and its own policies and procedures.

However, we noted certain matters that we communicated to District management. We appreciate the District's commitment to resolving those matters.

Related Reports

Taholah School District No. 77
Grays Harbor County
May 1, 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 program, which is listed in the Federal Summary section of the financial statement and single audit report.

Description of the District

Taholah School District No. 77 Grays Harbor County May 1, 2014

ABOUT THE DISTRICT

Taholah School District No. 77 provides public school services to approximately 200 students in kindergarten through 12th grade in Grays Harbor County. The District's five-member Board of Directors is the primary policy-making body exercising budgetary and financial control for the District. Board Members are elected to staggered, four-year terms. The Superintendent and staff administer day-to-day operations of the District and carry out decisions made by the Board. The District operates on a \$3.2 million annual general fund budget and its approximately 37 employees provide basic education and support services.

ELECTED OFFICIALS

These officials served during the audit period:

Board of Directors:

Mary Ralston
Bill Adams
Ken Stevens
Ed Johnstone
Tyson Johnston

APPOINTED OFFICIALS

Superintendent

Lyn Roberts

DISTRICT CONTACT INFORMATION

Address: Taholah School District No. 77
P.O. Box 249
Taholah, WA 98587

Phone: 360-276-4729

Website: www.taholah.k12.wa.us

AUDIT HISTORY

We audit the District every year. The past five audits have noted areas of concern. The 2008, 2009 and 2010 audits each reported a finding for a lack of controls over reporting transportation ridership. These findings have been resolved. The 2008, 2009, 2010, 2011 and 2012 audits reported findings for a lack of controls over reporting teacher education and experience (staff mix). These findings have been resolved. The 2012 audit also reported a finding for inadequate controls over disbursements activities. This finding has also been resolved. The current audit is free of accountability findings.

Status of Prior Audit Findings

Taholah School District No. 77 Grays Harbor County May 1, 2014

The status of findings contained in the prior years' audit reports of Taholah School District No. 77 is provided below:

- 1. Taholah School District No. 77 did not correct reporting errors from the prior audit which continues to cause an estimated overpayment of \$12,106 in apportionment funding.**

Report No. 1009694, dated May 20, 2013

Background

Career and technical education instructors who obtain teaching certificates based on industry experience rather than a college degree may be placed higher on the Legislative Evaluation and Accountability Program (LEAP) schedule due to that experience. They receive one credit for each 100 hours of experience. If any of this time is managerial or supervisory, they also may be credited with up to six years of experience when hired. Districts must have documentation to support industry and/or managerial experience.

During the prior audit, we identified errors in the District's staff mix reporting. That audit identified a reporting error regarding non-degree credits and years of experience for one staff file. As a result, credits and years of experience have been over-reported to Office of Superintendent of Public Instruction. The errors affected placement on the LEAP schedule.

Also, the District reported one instructor without a college degree. We identified errors that affected the instructor's LEAP placement, which may affect the amount of funding the District receives for staff mix. Errors were due to the District:

- Not sufficiently documenting all credits or years of experience reported. The District used employment verification unrelated to the staff members' vocational certification.
- The first three years of industry experience must be subtracted from total industry experience before calculating converted credits and managerial experience. A maximum of 2,000 hours per year may be counted. The District did not have documentation to support all industry experience for hours converted to non-degree credits and six years management experience.

- Counting career and technical education courses before the instructors met all course requirements identified in Washington Administrative Code 181-77-041(1)(b) and (c).

Status

The District has taken steps to correct this issue. We consider this finding resolved.

2. The District's inadequate internal controls over disbursement activities places public funds at risk.

Report No. 1009694, dated May 20, 2013

Background

The District's expenditures for fiscal year 2012 were \$4,091,623.

In the past three audits, we noted concerns with the District's internal controls over disbursement activities and made recommendations to District management on how to strengthen them, such as ensuring expenses are supported by adequate documentation, and effectively reviewing invoices prior to payments being made.

Our current audit noted the following conditions continued:

- The District did not obtain adequate documentation to support contractor charges totaling \$2,004.49 for mileage, meals and lodging.
- The Superintendent received reimbursements for costs totaling \$360.96 that were either paid by the District, or never incurred.
- The District did not have adequate supporting documentation, such as invoices or detailed receipts, to support that several credit card charges were an allowable use of public funds, as required by state law.
- Supporting invoices for credit card purchases were not turned in timely to the auditing officer leading to finance charges and late fees charged to the District.
- The District does not consistently document review and approval of invoices to ensure payments appear reasonable.
- The auditing officer does not consistently sign the voucher certification page.

Status

The District has made improvements in this area. We consider this finding resolved.



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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