

Washington State Auditor's Office
Accountability Audit Report

Centralia School District No. 401
Lewis County

Report Date
May 6, 2014

Report No. 1011843

Issue Date
May 15, 2014



Washington State Auditor
Troy Kelley

Independence • Respect • Integrity



Washington State Auditor Troy Kelley

May 15, 2014

Board of Directors
Centralia School District No. 401
Centralia, 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 Centralia School District No. 401'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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Lewis County
May 6, 2014

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Audit Summary

**Centralia School District No. 401
Lewis County
May 6, 2014**

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of Centralia School District No. 401 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
- Apportionment –
 - Enrollment
 - Transportation
 - Staff mix
- Financial condition
- Disbursements
- Procurement
- Credit cards

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

Centralia School District No. 401
Lewis County
May 6, 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. That report includes a federal finding regarding a lack of internal controls in place to ensure compliance with cash management requirements for its Title I program.

Description of the District

Centralia School District No. 401 Lewis County May 6, 2014

ABOUT THE DISTRICT

Centralia School District No. 401 provides public school services to approximately 3,400 students in kindergarten through 12th grade in Lewis County. It has one high school, one middle school and five elementary schools. The District operates the Centralia-Chehalis Transportation Cooperative and is a member of the Chehalis-Centralia Student Support Program Cooperative, which is operated by the Chehalis School District.

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 Board appoints a Superintendent who oversees the District's daily operations and its approximately 454 employees. For the 2012 and 2013 school years, the District operated on annual general fund budgets of \$35.9 million and \$37.2 million, respectively.

ELECTED OFFICIALS

These officials served during the audit period:

Board of Directors:

Kim Ashmore
Robert Fuller
Michael Kelly (through October 2013)
Amy Buzzard (effective November 2013)
Patty Dolezal (through October 2013)
Neal Kirby (effective November 2013)
Chris Thomas

APPOINTED OFFICIALS

Superintendent

Dr. Steve Bodnar

DISTRICT CONTACT INFORMATION

Address: Centralia School District No. 401
2320 Borst Avenue
Centralia, WA 98531-0610

Phone: (360) 330-7600

Website: www.centralia.k12.wa.us

AUDIT HISTORY

We perform an accountability audit of the District every two years. The prior audit contained a finding regarding the procurement of a public work project. That finding has been resolved.

Status of Prior Audit Findings

Centralia School District No. 401 Lewis County May 6, 2014

The status of findings contained in the prior years' audit reports of Centralia School District No. 401 is provided below:

1. The Centralia School District awarded a contract to an unlicensed contractor without Board approval.

Report No. 1008043, dated July 2, 2012

Background

The District requested proposals to install fiber optic internet cable in its school buildings. The project included installation and lease of the cable for five years. The total contract was valued at approximately \$600,000 with \$100,000 for installation and the remainder for lease payments. Excavation work related to the installation makes this a public works project.

State law requires the District to perform responsible bidder checks prior to accepting a winning bid for a public works project. The District is also required to obtain Board approval prior to accepting a public works contract.

The District obtained three quotes from contractors and selected the lowest price, but did not perform the responsible bidder checks. In addition, staff signed the legally binding contract 35 days before it was presented to the Board for approval. We confirmed with the Department of Labor and Industries and the Utilities and Transportation Commission that the contract was awarded to a contractor who was not licensed to install cable.

Status

The condition reported during the 2010-2011 audit has been resolved. The District has improved internal controls related to the procurement of public works projects.



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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