



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Waterville School District No. 209

Douglas County

For the period September 1, 2014 through August 31, 2016

Published May 25, 2017

Report No. 1018952





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May 25, 2017

Board of Directors
Waterville School District No. 209
Waterville, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for District operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our report on the District's compliance and safeguarding of public resources. Our independent audit report describes the overall results and conclusions for areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

TABLE OF CONTENTS

Audit Summary	4
Summary Schedule Of Prior Audit Findings	5
Related Reports	7
Information About The District	8
About The State Auditor’s Office.....	9

AUDIT SUMMARY

Results in brief

In most areas we audited, District operations complied with applicable requirements and provided adequate safeguarding of public resources. The District also complied with state laws and regulations and its own policies and procedures in the areas we examined.

However, we noted certain matters that we communicated to District management in a letter dated May 17, 2017, related monitoring of employee leave benefits. We appreciate the District's commitment to resolving those matters.

About the audit

This report contains the results of our independent accountability audit of Waterville School District No. 209 from September 1, 2014 through August 31, 2016.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

Our audit involved performing procedures to obtain evidence about the District's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

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 fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Associated Student Body (ASB) activities
- Employee pay and leave benefits
- Credit card transactions
- Conflict of interest compliance
- Student enrollment reporting

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**Waterville School District No. 209
Douglas County
September 1, 2014 through August 31, 2016**

This schedule presents the status of findings reported in prior audit periods. The status listed below is the representation of Waterville School District No. 209. The State Auditor’s Office has reviewed the status as presented by the District.

Audit Period: 2014	Report Ref. No: 1014560	Finding Ref. No: 2014-001
Finding Caption: The District’s internal controls over Associated Student Body activities are insufficient to safeguard against potential loss and noncompliance with laws and regulations		
Background: <u>Fundraisers:</u> All 19 ASB fundraisers held for the 2013 and 2014 fiscal years were missing or had inadequate fundraiser documentation. Specifically, analyses of expected revenues, activity request form, post-event reconciliations occurred for less than half of the fundraisers, including no reconciliations for any of the 10 events in the 2013 fiscal year. <u>Student Store:</u> Inventories are taken to determine what was sold and what remains, but are not used to establish an expectation for the amount of deposits. Also, the store has a cash register, but it is not programmed and is used more as a cash box. While cash is counted by two students, no sales report is printed from the register against which to reconcile deposits. <u>Minutes:</u> Minutes do not clearly state the formal approval of activities and purchases, nor do they specifically note that the previous minutes have been reviewed and approved. Also, the minutes from December 2012 through February 2013 could not be located. We recommend the District improve internal controls over ASB activities. These improvements should include providing training to staff and students involved in ASB fundraisers to ensure that documentation is prepared and that related receipts are reconciled, reconciling sales reports from the student store’s cash register to related cash deposits, and retaining all ASB Student Council Minutes and ensuring that formal approvals are clearly documented.		

Status of Corrective Action:

Fully Corrected

Partially Corrected

Not Corrected

Finding is considered no longer valid

Corrective Action Taken:

We have fully reconciled fundraisers from 2015-2016 (immediately following the audit). We have created a reconciliation file for all fundraisers which includes minutes, requests, receipts, project forecasts, and final reconciliation documentation. All fundraisers for 2015-2016 were reconciled accurately by our ASB Treasurer and reviewed by our ASB Bookkeeper. When a fundraiser begins, we create a file which is then retained and reviewed until it is completed by the group or club.

Minutes have been accurately gathered and filed by secretaries and are complete. We formally approve all requisitions and activity requests and have added that wording to our minutes – especially in the 2016-2017 school year. Minutes are filed in one binder which is stored in the ASB office then given to our ASB bookkeeper at the end of the school year.

After the audit, the Business Manager met with the leadership teacher and general manager (a student) and shared the findings with them. We have completed a daily requisition process which is now a part of the school store. Students running the store were informed of the reason behind this practice and were no longer simply completing inventory. Daily they were completing inventory and money count and reconciling. We have a new school store advisor this year who is working to further refine the system and educate students about best accounting practices.

Meetings have been held with club and group leaders to train them on how to reconcile fundraisers and the critical nature of completing that process. We have also provided further training for our newly hired bookkeeper, myself and our AD/Elementary Principal at a WASBO conference. We will continue training students and staff as we have turnover and new students and staff working in these positions.

RELATED REPORTS

Financial

Our opinion on the District's financial statements is provided in a separate report, which includes the District's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE DISTRICT

An elected, five-member Board of Directors governs the District. Board Members serve staggered, four-year terms. The Board appoints a Superintendent who is responsible for oversight of the District's daily operations as well as its 50 employees. Most of the District's funding comes from state apportionment. The District's annual operating budgets were approximately \$4.2 and \$4.5 million in fiscal years 2015 and 2016, respectively.

Contact information related to this report

Address:	Waterville School District No. 209 P.O. Box 490 Waterville, WA 98858
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Information current as of report publish date.

Audit history

You can find current and past audit reports for Waterville School District No. 209 at <http://portal.sao.wa.gov/ReportSearch>.

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 to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

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.

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 as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

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

Contact information for the State Auditor's Office	
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