



Washington State Auditor's Office

Troy Kelley

Integrity • Respect • Independence

Accountability Audit Report

Longview School District No. 122

Cowlitz County

For the period September 1, 2012 through August 31, 2014

Published April 13, 2015

Report No. 1013973





Washington State Auditor Troy Kelley

April 13, 2015

Board of Directors
Longview School District No. 122
Longview, 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,

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

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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 April 1, 2015, related to internal controls over cash receipting of Associated Student Body revenues. We appreciate the District's commitment to resolving those matters.

About the audit

This report contains the results of our independent accountability audit of Longview School District No. 122 from September 1, 2012 through August 31, 2014.

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:

- Cash receipting of Associated Student Body funds and Broadway preschool
- Financial condition
- Open public meeting minutes
- Procurement of technology equipment
- Public works projects - change orders
- Payroll and benefits, including leave
- Teacher education and experience (staff mix) reporting
- Student enrollment reporting
- Special education reporting

STATUS OF PRIOR AUDIT FINDINGS

The status of findings contained in the prior years' audit reports of Longview School District No. 122 is provided below:

1. The District's inadequate internal controls over Associated Student Body (ASB) Activities resulted in a loss of public funds of at least \$1,161 and ASB funds not being deposited with the District.

Report No. 1009724, dated May 20, 2013

Background

We found a loss of public funds of at least \$1,161 in cash during a surprise cash count at a high school on January 28, 2013. The District indicated two separate losses had occurred, one on December 18, 2012, and another on January 23, 2013. These losses were not reported timely. We further noted multiple internal control deficiencies which resulted in not being able to assign responsibility of the losses to any one individual.

Status

Written procedures for cash handing were updated and distributed. The finance office conducted site visits and participated in training meetings to support compliance. Surprise cash counts were conducted at two sites to gauge compliance with good results. Additionally, ASB fund raising procedures have been updated and distributed. District staff is aware of what constitutes an ASB fund raiser and the need for accounting in the ASB Fund. Centralized oversight of fund raisers has been increased. Annual training of staff associated with ASB is in place.

While we acknowledge the District has taken steps to address most of our prior audit concerns, we noted not all recommendations have been fully implemented. As a result, we made additional recommendations to management in the current audit to assist them in addressing the remaining concerns.

RELATED REPORTS

Financial

Our opinion on the District's financial statements and compliance with federal grant program requirements is provided in a separate report issued in April 2015 , which includes the District's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

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 issued in April 2015. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

Special investigations

We noted certain matters that we communicated to District management in a letter dated April 1, 2015, relating to a potential loss of funds at the District's preschool. We appreciate the District's commitment to resolving those matters.

INFORMATION ABOUT THE DISTRICT

Longview School District No. 122 serves approximately 7,000 students from kindergarten through 12th grade in the city of Longview and portions of Cowlitz County. The District is composed of 15 schools including a prekindergarten learning center, eight elementary schools, three middle schools and three high schools. The District also operates two alternative learning programs.

An elected, five-member Board of Directors has oversight responsibility for the District, appointing management, setting the budget and holding other fiscal responsibilities. For fiscal years ended 2013 and 2014 total revenues were \$72 million and \$76 million, respectively.

Contact information related to this report

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Information current as of report publish date.

Audit history

You can find current and past audit reports for Longview School District No. 122 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.

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