



**Washington State Auditor's Office**

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## **Accountability Audit Report**

# **East Valley School District No. 361**

**Spokane County**

**For the period September 1, 2013 through August 31, 2015**

**Published May 26, 2016**

**Report No. 1016674**





## Washington State Auditor's Office

May 26, 2016

Board of Directors  
East Valley School District No. 361  
Spokane Valley, 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,

A handwritten signature in cursive script that reads "Troy X. Kelley".

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

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## AUDIT SUMMARY

### Results in brief

In the 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.

### About the audit

This report contains the results of our independent accountability audit of East Valley School District No. 361 from September 1, 2013 through August 31, 2015.

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:

- Self insurance requirements
- Payroll/personnel
- Payments/expenditures
- Teacher education and experience (staff mix) reporting
- Student enrollment reporting

## STATUS OF PRIOR AUDIT FINDINGS

This schedule presents the status of findings reported in prior audit periods. The status listed below is the representation of East Valley School District No. 361. The State Auditor's Office has reviewed the status as presented by the District.

<b>Audit Period:</b> September 1, 2012 through August 31, 2013	<b>Report Ref. No.:</b> 1012757	<b>Finding Ref. No.:</b> 2014-001
<b>Finding Caption:</b> East Valley School District received basic enrollment apportionment funding for students who also paid tuition to a private school.		
<b>Background:</b> East Valley School District provided public apportionment funding to the operation of the KEYS program located at St. Charles School where students also paid private school tuition.  The District could not provide documentation to differentiate between public and private education services. Review of St. Charles calendar identified religious instruction provided during the school day as well as before and after school. The Washington State Constitution prohibits the spending of public money to support religious establishments.  The District received approximately \$1,010,766 in basic enrollment apportionment funding for 194.25 full-time equivalent students in the KEYS Program for the 2012-2013 school year for which it was not eligible.		
<b>Status of Corrective Action: (check one)</b> <div style="display: flex; justify-content: space-around;"> <div><input checked="" type="checkbox"/> Fully Corrected</div> <div><input type="checkbox"/> Partially Corrected</div> <div><input type="checkbox"/> No Corrective Action Taken</div> <div><input type="checkbox"/> Finding is considered no longer valid</div> </div>		
<b>Corrective Action Taken:</b> <i>The KEYS Program and Interlocal agreement ended after the 2013-14 school year. After Audit Resolution, the District reimbursed the State \$496,000 for fees collected by St. Charles for their use.</i>		

## RELATED REPORTS

### **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. 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 programs, which are listed in the Federal Summary section of the separate financial statement and single audit report. That report includes federal findings regarding internal control weaknesses and noncompliance with requirements of the child nutrition and Title I programs. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

## INFORMATION ABOUT THE DISTRICT

East Valley School District No. 361 serves approximately 4,200 students in kindergarten through 12th grade in Spokane County. The District has five elementary schools (one of which is the Continual Curriculum School serving grades 1 - 8 on a year round schedule), one middle school, one high school and one alternative education program (the Washington Academy of Arts and Technology). In addition, the District provides four early childhood programs.

An elected, five-member Board of Directors governs the District. The Board appoints a Superintendent who oversees daily operations as well as its approximate 480 employees. For fiscal year 2015, the District operated on an annual general fund budget of \$47.4 million.

Contact information related to this report	
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Contact:	Brian Aiken, Assistant Superintendent of Operations
Telephone:	(509) 241-5025
Website:	<a href="http://www.evsd.org">www.evsd.org</a>

*Information current as of report publish date.*

### Audit history

You can find current and past audit reports for East Valley School District No. 361 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	
Public Records requests	<a href="mailto:PublicRecords@sao.wa.gov">PublicRecords@sao.wa.gov</a>
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
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