



Washington State Auditor's Office

Government that works for citizens

Accountability Audit Report

Lake Stevens School District No. 4

Snohomish County

For the period September 1, 2014 through August 31, 2015

Published May 23, 2016

Report No. 1016780





Washington State Auditor's Office

May 23, 2016

Superintendent and Board of Directors
Lake Stevens School District No. 4
Lake Stevens, 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

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 16, 2016, related to Career and Technical Education. We appreciate the District's commitment to resolving those matters.

About the audit

This report contains the results of our independent accountability audit of Lake Stevens School District No. 4 from September 1, 2014 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:

- Safeguarding of small and attractive assets such as computers
- Self-insurance/risk management
- Open Public Meetings Act
- Career and Technical Education

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Lake Stevens School District No. 4
Snohomish County
September 1, 2014 through August 31, 2015

This schedule presents the status of findings reported in prior audit periods. The status listed below is the representation of Lake Stevens School District No. 4. The State Auditor's Office has reviewed the status as presented by the District.

Audit Period: September 1, 2013 through August 31, 2014	Report Ref. No: 1014486	Finding Ref. No: 2014-001				
Finding Caption: The District does not have adequate internal controls to safeguard and account for its assets.						
Background: During the 2014 fiscal year, the District had procedures in place to monitor all assets, however the District did not dedicate adequate time and resources to ensure a physical inventory was completed prior to certifying the inventory list. In addition, follow up of missing assets was not performed. Finally, the District did not ensure assets were included in the asset tracking system based on unique identifying information.						
Status of Corrective Action: (check one) <table style="width: 100%;"><tr><td style="width: 25%;"><input checked="checked" type="checkbox"/> Fully Corrected</td><td style="width: 25%;"><input type="checkbox"/> Partially Corrected</td><td style="width: 25%;"><input type="checkbox"/> No Corrective Action Taken</td><td style="width: 25%;"><input type="checkbox"/> Finding is considered no longer valid</td></tr></table>			<input checked="checked" type="checkbox"/> Fully Corrected	<input type="checkbox"/> Partially Corrected	<input type="checkbox"/> No Corrective Action Taken	<input type="checkbox"/> Finding is considered no longer valid
<input checked="checked" type="checkbox"/> Fully Corrected	<input type="checkbox"/> Partially Corrected	<input type="checkbox"/> No Corrective Action Taken	<input type="checkbox"/> Finding is considered no longer valid			
Corrective Action Taken: <i>The District has taken steps to improve and strengthen internal controls through communication with the departments responsible for the inventory, identifying timelines, responsibility and establishing an outcome of when assets are not found. We have communicated with administrative staff the importance of this event and asked for their cooperation and participation during the physical inventory. We will maintain all documentation that supports changes to the inventory separate for easy access and ensure to record unique identification numbers in both the database and on the asset itself.</i> <i>The asset coordinator met with administration and the technology team to develop a step by step procedure with a timeline and responsible party attached. This procedure has been</i>						

reviewed and accepted by all parties involved in taking the physical inventory. It has been shared with the team through Google Docs. We have already reported the lost inventory to the Board of Directors for approval to remove from the inventory database and reported the same on the SAO website.

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 Schedule of Findings and Questioned Costs section of the separate financial statement and single audit report. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE DISTRICT

Lake Stevens School District No. 4 provides public school services to approximately 7,905 students in preschool through 12th grade in Lake Stevens and portions of unincorporated Snohomish County. The District operates six elementary schools, two middle schools, one mid-high school, one high school and one cooperative alternative high school. The District also operates HomeLink, a K-12 home school district parent partnership program.

An elected, five-member Board of Directors governs the District. The Board appoints a Superintendent to oversee the District's daily operations, as well as its staff of over 1,000 employees including approximately 490 certificated employees. For fiscal year 2015, the District had general fund expenditures of \$80,680,036.

Contact information related to this report	
Address:	Lake Stevens School District No. 4 12309 22nd Street N.E. Lake Stevens, WA 98258
Contact:	Teresa Main, Assistant Superintendent of Business Services
Telephone:	(425) 335-1503
Website:	www.lkstevens.wednet.edu

Information current as of report publish date.

Audit history

You can find current and past audit reports for Lake Stevens School District No. 4 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	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov