



Washington State Auditor's Office

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Accountability Audit Report

Bridgeport School District No. 75

Douglas County

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

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Washington State Auditor's Office

May 23, 2016

Board of Directors
Bridgeport School District No. 75
Bridgeport, 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 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 identified areas in which the District could make improvements.

We recommended the District improve internal controls over ASB activities to ensure compliance with state laws and regulations and provide adequate safeguarding of public resources. These improvements should include:

- Reconcile fund raiser receipts to expected revenue derived from inventory sold, tickets, or other method of estimating expected revenue.
- Prepare, retain, and monitor all necessary records for ASB activities.
- Retain all ASB Student Council Minutes and clearly document formal approval of activities, purchases, and prior minutes.

These recommendations were included in our report as a finding.

About the audit

This report contains the results of our independent accountability audit of Bridgeport School District No. 75 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:

- Payroll
- Unemployment self-insurance
- Financial condition
- Teacher education and experience (staff mix) reporting
- Associated Student Body

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

2015-001 The District's internal controls over Associated Student Body activities are insufficient to safeguard against potential loss and noncompliance with laws and regulations.

Background

Districts may use Associated Student Body (ASB) funds for optional and noncurricular activities that are cultural, athletic, recreational or social in nature, or to otherwise support the activities and programs of ASBs.

Bridgeport School District's Associated Student Body (ASB) program collected revenue of \$110,468 during the 2013-2014 school year and \$108,922 during the 2014-2015 school year.

Description of Condition

During our review of the 2013-2014 and 2014-2015 school years' ASB activities and procedures, we identified the following conditions:

Fundraisers

We tested 22 fundraisers for the District and found that documentation was either inadequate or missing as follows:

- Required ASB event approval documentation was missing from three fundraisers. The same three fundraisers were also not discussed in the minutes at any time during the year.
- Five of the events lacked all required approval signatures on the event forms.
- No budget form was maintained for 11 of the events.
- 20 events either lacked a reconciliation form, or the form was incomplete.
- No reconciliation of receipts to expected revenues for 20 events, greatly reducing the District's ability to detect any potential losses.
- No documentation of actual revenue receipting for 20 events.

Event reconciliations/cash deposits

We tested documentation for 27 cash deposits and 40 ticketed events for the District and found that documentation was either inadequate or missing as follows:

- 24 of 27 tested events did not have both, “prepared by” and, “received by” signatures documented, which would confirm segregation of duties over the cash box.
- 21 of 27 events either had no documentation or incomplete documentation to indicate someone independent of cash receipting reviewed the deposit.
- 24 of 40 gate reconciliations of tickets to revenue were incomplete.
- 20 of 40 gate reconciliations lacked a documented ticket range, making reconciliation to revenues impossible.
- 0 of 5 track meet concession sales had a documented reconciliation

Minutes

The Student Council did not adequately document meeting minutes as follows:

- 43 of 48 documented minutes did not specify if a quorum was present.
- Minutes did not clearly define ASB activity for approval, and did not consistently identify sufficient details and amounts for expenditures and fundraisers.

Cause of Condition

The District has provided necessary resources and training to staff responsible for ASB activities/events. However as enrollment has increased, staff have experienced challenges in keeping up to ensure they handled activities/events in accordance with state laws and regulations, and they adequately supported and monitored these activities/events.

Effect of Condition

Inadequate internal controls over ASB fundraising and disbursements, including insufficient approval and monitoring by the ASB Student Council, increase the risk that a loss or misappropriation of public funds may occur and not be detected in a timely manner, if at all.

Recommendation

We recommend the District improve internal controls over ASB activities to ensure compliance with state laws and regulations and provide adequate safeguarding of public resources. These improvements should include:

- Reconcile fund raiser receipts to expected revenue derived from inventory sold, tickets, or other method of estimating expected revenue.
- Prepare, retain, and monitor all necessary records for ASB activities.
- Retain all ASB Student Council Minutes and clearly document formal approval of activities, purchases, and prior minutes.

District's Response

Bridgeport School District concurs with the cause and effect of the ASB program condition. The district has hired an ASB Central Treasurer to improve internal controls. All secondary staff will attend ASB trainings by November 2016.

Auditor's Remarks

We appreciate the District's commitment to resolve the issue noted and we will follow-up during our next scheduled audit.

Applicable Laws and Regulations

RCW 28A.400.030 Superintendent's duties, states in part:

In addition to such other duties as a district school board shall prescribe the school district superintendent shall:

- (3) Keep accurate and detailed accounts of all receipts and expenditures of school money.

Accounting Manual for Public School Districts in the State of Washington, September 2013, Chapter 3 Accounting Guidelines, Internal Control Structure, states in part:

Each school board is responsible for establishing and maintaining an effective system of internal controls throughout the district.

Further, an internal control system; (should) ensure that resource use is consistent with law, regulation, and policy; that resources are guarded against waste, loss, and misuse; and that

reliable data are obtained, maintained, and fairly disclosed in reports.

RCW 28A.325.030 Associated student body program fund – Fund-raising activities – Non associated student body program fund moneys, states in part:

(1)(b) All moneys generated through the programs and activities of any associated student body shall be deposited in the associated student body program fund. Such funds may be invested for the sole benefit of the associated student body program fund in items enumerated in RCW 28A.320.320 and the county treasurer may assess a fee as provided therein. Disbursements from such fund shall be under the control and supervision, and with the approval, of the board of directors of the school district, and shall be by warrant as provided in *chapter 28A.350 . . .

(2) Subject to applicable school board policies, student groups may conduct fund-raising activities, including but not limited to soliciting donations, in their private capacities for the purpose of generating non associated student body fund moneys. The school board policy shall include provisions to ensure appropriate accountability for these funds. Non associated student body program fund moneys generated and received by students for private purposes to use for scholarship, student exchange, and/or charitable purposes shall be held in trust in one or more separate accounts within an associated student body program fund and be disbursed for such purposes as the student group conducting the fund-raising activity shall determine . . .

Washington Administrative Code 392-138-014 Accounting procedures and records, states in part:

Associated student body public and non associated student body private moneys shall be accounted for as follows:

(1) Accounting methods and procedures shall comply with such rules and regulations /or guidelines as are developed by the state auditor and the superintendent of public instruction and published in the *Accounting Manual for Public Schools* in the State of Washington and/or other publications;

(2) Whenever two or more associated student bodies exist within a school district, the accounting records shall be maintained in such a manner as to provide a separate accounting for the transactions of each associated student body in the associated student body program fund;

(3) The fiscal and accounting records of associated student body program moneys shall constitute public records of the school district, shall be available for examination by the state auditor, and shall be preserved in accordance with statutory provisions governing the retention of public records . . .

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 is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE DISTRICT

Bridgeport School District No. 75 serves approximately 835 students in kindergarten through 12th grade in Douglas County. The District operates one grade school, one middle school, one high school and an alternative high school.

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 approximately 60 full- and 47 part-time employees. For both school years 2013-2014 and 2014-2015, the District operated on annual general fund budgets of approximately \$8 million.

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 Bridgeport School District No. 75 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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