



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Kettle Falls School District No. 212

Stevens County

For the period September 1, 2015 through August 31, 2016

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Office of the Washington State Auditor
Pat McCarthy

June 22, 2017

Board of Directors
Kettle Falls School District No. 212
Kettle Falls, 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

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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 Kettle Falls School District No. 212 from September 1, 2015 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:

- Insurance/risk management
- Safeguarding of small and attractive assets such as computers
- Cash receipting
- Compliance with grant requirements

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Kettle Falls School District No. 212
Stevens County
September 1, 2015 through August 31, 2016

This schedule presents the status of findings reported in prior audit periods. The status listed below is the representation of Kettle Falls School District No. 212. The State Auditor's Office has reviewed the status as presented by the District.

Audit Period: 2014-2015	Report Ref. No.: 1016632	Finding Ref. No.: 2015-001	CFDA Number(s): 10.553, 10.555, 10.559
Federal Program Name and Granting Agency: Child Nutrition Cluster U.S. Department of Agriculture		Pass-Through Agency Name: Office of the Superintendent of Public Instruction	
Finding Caption: Kettle Falls School District does not have adequate internal controls over its federal child nutrition verification process, resulting in inaccurate reporting of verification results.			
Background: The District participates in the School Breakfast and National School Lunch programs. It received \$222,573 during fiscal year 2015. This program provides funding for free and reduced-price meals for low-income students. Families must meet income guidelines to be eligible for these programs. Each year, districts must select a sample of applications and verify that family income information reported to the District is correct. The Office of Superintendent of Public Instruction (OSPI) provides instructions to school districts on how to verify program eligibility, including the number of applications that must be verified based on its non-response rate from previous years verification. The verification process must be completed by November 15th of each year. The District was required to verify three applications for program eligibility. During our review of the District’s verification of free, reduced-price and paid meal applications we noted the Verification Summary Report indicated all applicants had responded. Two of the three applications should have been classified as “non-response” as the verification information was not received until November 17th.			

Status of Corrective Action:☐ Fully
Corrected☐ Partially
Corrected☒ Not Corrected☐ Finding is considered no
longer valid**Corrective Action Taken:**

The Kettle Falls School District Nutrition Services Manager is now aware that the deadline for this verification process is before November 15th even when the 15th falls on the weekend. The Administrative Secretary for the Kettle Falls School District added this process to her calendar and requested copies of the verifications be sent to the District Office. These were reviewed to make sure the process was completed and was completed prior to the November 15th deadline.

Although the District did not correct the issue during our audit period we found they partially corrected the issues during the current school year. It was also determined that the District did not have an opportunity to make corrective action to the Verification process for the 2015-16 school year as the process was complete prior to the 2015-2016 audit. The District did ensure that the Verification process was completed prior to the November 15th deadline for the 2016-17 school year based on our testing. The District reported this to OSPI as required.

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

Kettle Falls School District No. 212 provides educational services to approximately 700 students in Stevens and Ferry counties. The District operates one high school, one middle school, one elementary school, an alternative learning experience (ALE) program and the Kettle Falls Individualized Education program, which includes contract based education. The District is also a partner in the Columbia Virtual Academy, an ALE program that serves approximately 200 students statewide.

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 120 employees. For fiscal year 2016, the District operated on an annual budget of approximately \$9.6 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 Kettle Falls School District No. 212 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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