



**Office of the Washington State Auditor**  
**Pat McCarthy**

## **Accountability Audit Report**

# **Bridgeport School District No. 75**

**Douglas County**

**For the period September 1, 2015 through August 31, 2017**

**Published May 24, 2018**

**Report No. 1021283**





**Office of the Washington State Auditor**  
**Pat McCarthy**

May 24, 2018

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 independent audit report on the District's compliance with applicable requirements and safeguarding of public resources for the 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 RESULTS

This report describes the overall results and conclusions for the areas we examined. In most of the areas we examined, except as described below, District operations complied with applicable state laws, regulations, and its own policies, and provided adequate controls over safeguarding of public resources.

As referenced above and described in the attached finding, we identified areas in which the District could make improvements.

We recommended the District improve internal controls over ASB activities to comply with state laws and regulation and provide adequate safeguarding of public resources. Specifically, we recommend the District:

- Provide adequate training to staff and students involved in ASB fundraisers
- Reconcile fundraiser receipts to expected revenues as derived from inventory sold, tickets, or another 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 with our report and in a separate communication 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, 2015 through August 31, 2017.

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.

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the State Auditor to examine the financial affairs of all local governments. 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, based on our risk assessment for the years ended August 31, 2017 and 2016, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Student Enrollment – compliance with student reporting for basic education
- Associated Student Body activities – cash receipting for fundraisers, compliance with state law, and general disbursements
- General vendor payments and employee leave buy-outs
- Financial condition and fiscal sustainability

## SCHEDULE OF AUDIT FINDINGS AND RESPONSES

### **2017-001    The District's internal controls over Associated Study Body activities were 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 student activities that are cultural, athletic, recreational or social in nature, or that otherwise support ASB activities and programs.

Bridgeport School District's (District) ASB program collected revenue of \$153,930 and \$140,638 during fiscal years 2016 and 2017, respectively.

#### ***Description of Condition***

Our examination identified the following conditions:

##### ***Fundraisers and events:***

For each event or fundraiser, the ASB should retain source documentation of activity such as tickets sold, change in inventory, or manual receipts issued to reconcile against actual monies collected. Without this reconciliation, the ASB might not be able to detect potential losses of inventory of funds in a timely manner. We tested 16 ASB fundraisers and nine gated events, and found the District lacked adequate independent monitoring of ASB receipts. Further, documentation was either inadequate or missing. Specifically, the ASB did not:

- Complete the final reconciliations of cash receipts to activity, such as receipts, tickets sold, or change in inventory, on a timely basis for six fundraisers. Concession fundraiser activities occurring in September and October were not reconciled until June.
- Print sales reports from the point-of-sales system after each of the nine gated events tested. As a result, activity from multiple events or for the entire month was included on the same report, limiting the District's ability to reconcile actual funds deposited to expected revenues.
- Retain documentation of prom tickets sold before the event to either the District's own students or other participating districts. As such, the ASB could not compare actual funds deposited to expected revenues.
- Approve five fundraisers before the event began. Additionally, ASB Council minutes did not reflect approval for four events.

- Perform a final profit analysis for five fundraisers. The ASB reconciled the prom event based on budgeted expenses rather than actual, resulting in an unexplained variance of \$1,353.

### *Minutes*

ASB meeting minutes did not clearly define ASB activity for approval, and did not consistently identify sufficient details and amounts for expenditures and fundraisers. Additionally, five of 30 documented meeting minutes did not specify whether a quorum was present.

Similar deficiencies were communicated to the District in a finding in our prior audit.

### *Cause of Condition*

The District has not allocated the necessary resources and oversight to establish adequate internal controls over ASB activities or to ensure ASB activities are handled in accordance with state laws and regulations, and are adequately supported and monitored.

### *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 might occur and not be detected quickly, if at all.

### *Recommendation*

We recommend the District improve internal controls over ASB activities to comply with state laws and regulation and provide adequate safeguarding of public resources. Specifically, we recommend the District:

- Provide adequate training to staff and students involved in ASB fundraisers
- Reconcile fundraiser receipts to expected revenues as derived from inventory sold, tickets or another 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. Key district employees will attend ASB training to ensure all staff are knowledgeable of the necessary internal controls. The District will provide in-service to all middle and high school staff on ASB requirements and procedures.*

## ***Auditor's Remarks***

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

## ***Applicable Laws and Regulations***

WAC 392-123-010. The Accounting Manual, sets forth the requirements for the use of the accounting manual by the District.

WAC 392-138-014 Accounting procedures and records, sets forth requirements for accounting methods and procedures to follow regulations and guidelines established in the *Accounting Manual for Public Schools in the State of Washington*.

*Accounting Manual for Public School Districts in the State of Washington*, Chapter 3, Accounting Guidelines, Internal Control Structure, sets forth requirements for establishing and maintaining an effective system of internal controls.

*Accounting Manual for Public School Districts in the State of Washington*, Chapter 9, Information Unique to Each Fund, Associated Student Bodies Association, sets forth guidelines for accounting of ASB funds.

WAC 392-138-125. Associated study body public moneys – Disbursement approval – Total disbursements, sets forth requirements for ASB budgets and disbursement approvals.

RCW 28A.325.030 Associated student body program fund – Fund-raising activities – Non associated student body program fund moneys, sets forth requirements for conducting ASB fund-raising activities.

RCW 28A.400.030 Superintendent's duties, sets forth requirements for the school district superintendent to keep accurate records and detailed accounts for receipts and expenditures of school money.



BRIDGEPORT SCHOOL DISTRICT NO. 75

P.O. BOX 1060  
BRIDGEPORT, WASHINGTON 98813

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**Bridgeport School District No. 75**  
**Douglas County**  
**September 1, 2015 through August 31, 2017**

This schedule presents the status of findings reported in prior audit periods.

<b>Audit Period:</b> 9/1/2013 to 8/31/2015	<b>Report Ref. No.:</b> 1016793	<b>Finding Ref. No.:</b> 2015-001
<b>Finding Caption:</b> The District's internal controls over Associated Student Body activities are insufficient to safeguard against potential loss and noncompliance with laws and regulations.		
<b>Background:</b> 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. 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.		
<b>Status of Corrective Action: (check one)</b> <div style="display: flex; justify-content: space-between; align-items: flex-start;"><div style="text-align: center;"><input type="checkbox"/> Fully Corrected</div><div style="text-align: center;"><input type="checkbox"/> Partially Corrected</div><div style="text-align: center;"><input checked="" type="checkbox"/> Not Corrected</div><div style="text-align: center;"><input type="checkbox"/> Finding is considered no longer valid</div></div>		
<b>Corrective Action Taken:</b> <i>Key district employees including the principals, athletic director, ASB and building secretaries, and the business manager attended the annual WASBO A.S.B. trainings to ensure all staff are knowledgeable of the necessary internal controls. The district hired an A.S.B. secretary to ensure a staff member is on site dedicated to reviewing that all A.S.B. procedures are followed.</i> <i>Clear Risk Solution provided an in-service to all middle and high school staff on A.S.B. procedures and requirements.</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 Schedule of Findings and Questioned Costs section of the separate financial statement and single audit report. That report includes a federal finding regarding the District's compliance with procurement, suspension, and debarment requirements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

## INFORMATION ABOUT THE DISTRICT

Bridgeport School District No. 75 serves approximately 860 students in kindergarten through 12th grade in Douglas County. The District operates one elementary school, one middle school, one high school, and one 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-time and 50 part-time employees. For fiscal years 2016 and 2017, the District operated on general fund budgets of \$9.5 million and \$10 million, respectively.

### Contact information related to this report

Address:	Bridgeport School District No. 75 P.O. Box 1060 Bridgeport, WA 98813
Contact:	Debby Sharp, Business Manager
Telephone:	(509) 686-5656
Website:	<a href="http://www.bridgeport.wednet.edu">www.bridgeport.wednet.edu</a>

*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	
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
Website	<a href="http://www.sao.wa.gov">www.sao.wa.gov</a>