



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

## **Accountability Audit Report**

# **Mead School District No. 354**

**Spokane County**

**For the period September 1, 2016 through August 31, 2017**

**Published May 21, 2018**

**Report No. 1021353**





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

May 21, 2018

Superintendent and Board of Directors  
Mead School District No. 354  
Mead, 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,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

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 those selected areas, District operations complied with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

### About the audit

This report contains the results of our independent accountability audit of Mead School District No. 354 from September 1, 2016 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 year ended August 31, 2017, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Information technology policies
- Student enrollment reporting (career and technical education)
- Procurement – purchases and public works
- Associated Student Body
- Insurance/risk management



2323 E. Farwell Rd., Mead, WA 99021

509-465-6014

www.mead354.org

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**Mead School District No. 354**  
**Spokane County**  
**September 1, 2016 through August 31, 2017**

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

<b>Audit Period:</b> September 1, 2015 through August 31, 2016	<b>Report Ref. No.:</b> 1019013	<b>Finding Ref. No.:</b> 2016-001
<b>Finding Caption:</b> The District did not follow state procurement laws, which limited competition		
<b>Background:</b> The District spent \$314,019 on passenger vans and trucks in the 2015-2016 school year. Local governments are required to comply with numerous federal and state requirements when purchasing equipment and materials. School districts may also adopt policies to ensure compliance with these laws, and retain supporting documentation. If the District exceeds or estimates to exceed \$75,000 for the purchase of equipment, it must comply with formal bid requirements. If the cost or estimate is from \$40,000 to \$75,000, the District must follow informal competitive bidding requirement.		
<b>Status of Corrective Action: (check one)</b> <div style="display: flex; justify-content: space-between;"><div><input checked="" type="checkbox"/> Fully Corrected</div><div><input type="checkbox"/> Partially Corrected</div><div><input type="checkbox"/> Not Corrected</div><div><input type="checkbox"/> Finding is considered no longer valid</div></div>		
<b>Corrective Action Taken:</b> <i>The District has trained staff in our support services departments to be knowledgeable of federal and state procurement laws. Furthermore, the District implemented a new process for how vehicles are purchased. All vehicle purchases are processed by one department where either quotes or adequate supporting documentation is reviewed by the Business Department prior to a purchase ordering being issued.</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 qualifications of paraprofessionals reported. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

## INFORMATION ABOUT THE DISTRICT

Mead School District No. 354 provides educational services for approximately 10,000 students in kindergarten through 12th grade in Spokane County. The District operates two high schools, two middle schools, eight elementary schools, two alternative programs, and one science, technology, engineering and math (STEM) high school.

The District is governed by a five-member Board of Directors. The Board appoints a Superintendent to oversee the District's daily operations as well as its approximately 1,200 employees. The District operates on an annual budget of approximately \$111 million.

### Contact information related to this report

Address:	Mead School District No. 354 2323 E. Farwell Road Mead, WA 99021-9600
Contact:	Mathew Knott, Director of Business Services
Telephone:	(509) 465-6048
Website:	<a href="http://www.mead354.org">www.mead354.org</a>

*Information current as of report publish date.*

### Audit history

You can find current and past audit reports for Mead School District No. 354 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>