



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

## **Accountability Audit Report**

# **North Thurston Public Schools**

**Thurston County**

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

**Published May 24, 2018**

**Report No. 1021370**





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

May 24, 2018

Board of Directors  
North Thurston Public Schools  
Lacey, 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.

However, as noted under the Related Reports – Special Investigations section of this report, certain matters were examined and reported as part of a separate engagement.

### About the audit

This report contains the results of our independent accountability audit of North Thurston Public Schools 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:

- Selected IT practices and controls protecting financial systems
- Procurement – public works and prevailing wage requirements
- Financial condition and fiscal sustainability
- Associated Student Body – fundraising activity
- Safeguarding of technology equipment
- Evaluated design of controls over general disbursements
- Enrollment testing of the Open Doors program

## 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 graduation rate. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

### **Special investigations**

During the current audit period, the State Auditor's Office issued a report on a misappropriation of public funds at the District. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

## INFORMATION ABOUT THE DISTRICT

North Thurston Public Schools was founded in 1953 and is the largest school district in Thurston County, serving more than 14,600 students in Lacey and the northeastern part of Thurston County. The District's main objective, in partnership with the community, is to provide public school services to students in kindergarten through 12th grade. The District has 22 schools: 13 elementary, five middle, three comprehensive high schools and an alternative high school. The District is also a member of the New Market Vocational Skills Center, a nine-school district cooperative. The District provides basic education as well as a variety of supplemental programs and learning opportunities for students such as Gifted Education, Special Education, Learning Support and English as a Second Language.

The District's elected, five-member Board of Directors is the primary policy-making body, exercising budgetary and financial controls for the District. The Superintendent and District staff administers day-to-day operations and carry out decisions made by the Board. The District has a general fund operating budget of over \$187 million and a staff of over 2,000 full- and part-time employees.

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 North Thurston Public Schools 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>
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