



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Highline School District No. 401

King County

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

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Office of the Washington State Auditor
Pat McCarthy

June 21, 2018

Board of Directors
Highline School District No. 401
Burien, 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.

Additionally, 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 Highline School District No. 401 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.

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:

- Enrollment reporting for 12th grade at Highline High School and the Open Doors program
- Debt and debt covenants – compliance with bond covenants and debt limitations
- Donations – compliance with donor's intended use
- Procurement – cooperative purchases (piggybacking off state contracts)
- Payroll – user access, data back-up, and allocation of payroll costs
- Purchase card expenditures – purchases were for allowable purposes
- Small and attractive assets – controls related to inventory and asset tracking
- Citizen concerns over enrollment reporting in the Open Doors program and highly capable program expenditures
- Self-insurance – health and welfare programs
- Interlocal agreements – Mt. Rainier Pool

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 federal findings regarding internal control over compliance with procurement requirements, time and effort documentation and graduation-rate reporting. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

Special investigations

We noted certain matters that we communicated to District management in a letter dated June 2018, relating to unallowable travel reimbursements. The District investigated the loss. We reviewed the District's investigation and agree with its conclusion. We appreciate the District's commitment to resolving the matter.

INFORMATION ABOUT THE DISTRICT

Highline School District No. 401 serves a 43.8 square mile area including the cities of Burien, Normandy Park, SeaTac and portions of the City of Des Moines and unincorporated King County. The District serves approximately 19,000 students in preschool through 12th grade and operates four comprehensive high schools, five smaller learning community high schools, four middle schools, 18 elementary schools, one vocational skills center, one aviation focused high school, an outdoor camp, and a learning center.

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 2,700 employees. For fiscal year 2017, the District's governmental funds revenue was approximately \$247.8 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 Highline School District No. 401 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.

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