

**Washington State Auditor's Office**  
**Accountability Audit Report**

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**Seattle School District No. 1**  
**King County**

Report Date  
**June 19, 2014**

**Report No. 1012160**

Issue Date  
**June 30, 2014**



**Washington State Auditor**  
**Troy Kelley**

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Independence • Respect • Integrity



# Washington State Auditor Troy Kelley

June 30, 2014

Board of Directors  
Seattle School District No. 1  
Seattle, Washington

## *Report on Accountability*

We appreciate the opportunity to work in cooperation with your District to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role to advocate for government accountability and transparency and to promote positive change.

Please find attached our report on Seattle School District No. 1's accountability and compliance with state laws and regulations and its own policies and procedures. Thank you for working with us to ensure the efficient and effective use of public resources.

Sincerely,

**TROY KELLEY**  
STATE AUDITOR

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King County  
June 19, 2014**

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# Audit Summary

## Seattle School District No. 1 King County June 19, 2014

### *ABOUT THE AUDIT*

This report contains the results of our independent accountability audit of Seattle School District No. 1 from September 1, 2012 through August 31, 2013.

We evaluated internal controls and performed audit procedures on the activities of the District. We also determined whether the District complied with state laws and regulations and its own policies and procedures.

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 noncompliance, misappropriation or misuse. The following areas were examined during this audit period:

- Student enrollment reporting
- Student transportation reporting
- Special education reporting
- Payroll
- Human resources
- Fringe benefits
- Facilities usage
- Fleet management
- Procurement of technology purchases
- Self-insurance

### *RESULTS*

In most areas, the District complied with state laws and regulations and its own policies and procedures.

However, we noted certain matters that we communicated to District management. We appreciate the District's commitment to resolving those matters.

## Related Reports

**Seattle School District No. 1  
King County  
June 19, 2014**

### ***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.

### ***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 Federal Summary section of the financial statement and single audit report. That report includes a federal finding regarding the District not having adequate internal controls to ensure all High School Graduation Initiative grant funds were used for allowed activities.

# Description of the District

## Seattle School District No. 1 King County June 19, 2014

### ***ABOUT THE DISTRICT***

Seattle School District No. 1 serves more than 48,000 students and operates 13 high schools, 10 middle schools, 59 elementary schools, 10 kindergarten through eighth grade schools and six alternative schools and special programs. District activities are monitored by an elected, seven-member Board of Directors. The Board oversees the governance of the District and appoints a Superintendent to oversee District operations. The District had an operating budget of \$591 million for the 2012-2013 school year.

### ***ELECTED OFFICIALS***

These officials served during the audit period:

#### Board of Directors:

District 1	Sharon Peaslee
District 2	Sherry Carr
District 3	Harium Martin-Morris
District 4	Michael DeBell
District 5	Kay Smith-Blum
District 6	Marty McLaren
District 7	Betty Patu

### ***APPOINTED OFFICIALS***

Superintendent	Jose Banda
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## ***DISTRICT CONTACT INFORMATION***

Address: Seattle School District No. 1  
2445 Third Avenue S.  
P.O. Box 34165  
Seattle, WA 98124-1165

Phone: 206-252-0274

Website: [www.seattleschools.org](http://www.seattleschools.org)

## ***AUDIT HISTORY***

We audit the District on an annual basis. In the past three accountability audits, we reported nine accountability findings regarding insufficient internal controls over payroll, a lack of controls over safeguarding public assets, facility use and unallowable expenditures. These findings have been resolved, with the exception of last year's facility use finding which is partially resolved. The District has new management in several critical areas and has demonstrated a strong willingness to continue to address our audit recommendations.

# Status of Prior Audit Findings

## Seattle School District No. 1 King County June 19, 2014

The status of findings contained in the prior years' audit reports of Seattle School District No. 1 is provided below:

**1. The District lacks adequate internal controls to ensure that it collects all revenue for facilities usage.**

Report No. 1010005, dated June 24, 2013

### **Background**

During last year's audit we noted the District did not have sufficient controls to ensure that all revenues for facilities usage were collected. Specifically the District was not monitoring past-due accounts or sending delinquent accounts to collections. The rentals office did not collect insurance and concussion management compliance documentation. The District could not demonstrate it sufficiently trained school level employees, responsible for scheduling events, on use of the online reservation system. The rentals office did not have procedures in place to insure that it consistently followed District's policy when invoicing for facilities usage and scheduling events. Also, the District did not have controls in place to ensure it is receiving all fees associated with the Joint Use Agreement and Memorandum of Agreement it had with the city of Seattle Parks Department.

### **Status**

This issue is partially resolved. The District generates reports of invoices outstanding to management on a monthly basis and has provided training to all employees with access to the facility reservation system. To address the backlog of invoicing, the District added one full-time equivalent employee to assist with invoicing and monitoring of delinquent accounts. We noted the District has reinforced its reservation policy and requires all organizations to register under their legal name and meet all liability insurance requirements prior to activation of their permit or registration. The District continues to address a large outstanding balance of delinquent accounts on a case-by-case basis.

The District modified the terms of its Joint Use Agreement with the city of Seattle Parks Department to ensure more fair and equitable terms; however, it continues to place reliance on the city staff to accurately account for all amounts due to the District.



## **ABOUT THE STATE AUDITOR'S OFFICE**

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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 as an advocate for government accountability. 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.

The State Auditor's Office employees are located around the state to deliver services effectively and efficiently.

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 and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive quality assurance program.

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**Deputy Director of Performance Audit**  
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**Deputy Director of Communications**  
**Public Records Officer**  
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