



Washington State Auditor's Office

Troy Kelley

Integrity • Respect • Independence

Accountability Audit Report

Community Colleges of Spokane

For the period July 1, 2013 through June 30, 2014

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Washington State Auditor

Troy Kelley

February 26, 2015

Dr. Christine Johnson, Chancellor
Community Colleges of Spokane

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,

TROY KELLEY
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.

About the audit

This report contains the results of our independent accountability audit of the Community Colleges of Spokane from July 1, 2013 through June 30, 2014.

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.

As part of our routine audits of state agencies, the State Auditor's Office is responsible for auditing public funds and accounts that are not managed by, or are in the care of, the State Treasurer. These funds are commonly referred to as local funds.

The Legislature has established some of these local funds. Additionally, state law authorizes the Office of Financial Management to establish local funds when state agencies present compelling reasons to do so. Local funds may be used for regular District expenses.

Every two years, the State Auditor's Office is required by state law (RCW 43.09.420) to report to the Legislature on the status of local funds and accounts that were examined during the preceding biennium and recommendations we made about how state agencies can improve their financial management of these funds.

Our most recent report covered audit reports published from July 1, 2011 through June 30, 2013. The next report will cover July 1, 2013 through June 30, 2015 and is due to the Legislature by December 31, 2015.

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:

- Athletics Department financial operations
- Service and activities fees
- Use of procurement/credit cards
- Contracts and agreements

RELATED REPORTS

Financial

We perform an annual audit of the statewide basic financial statements, as required by state law (RCW 43.09.310). Our opinion on these financial statements is included in the Comprehensive Annual Financial Report (CAFR) prepared by and available from the Office of Financial Management.

The CAFR reflects the financial activities of all funds, organizations, institutions, agencies, departments and offices that are part of the state's reporting entity. That report is issued by the Office of Financial Management in December of each year and can be found at www.ofm.wa.gov.

A summary of the audit for the period ending June 30, 2013 can be found at: www.sao.wa.gov/generalinfo/Documents/2013_CAFR_Report_Final.pdf#search=CAFR

Our opinion on the Community Colleges of Spokane's basic financial statements will be included in the District's separate financial statement audit.

Federal programs

In accordance with the Single Audit Act, we annually audit major federal programs administered by the state of Washington. Rather than perform a single audit of each agency, we audit the state as a whole. The results of that audit are published in a report issued by the Office of Financial Management in March of each year.

Performance audits

Initiative 900, approved by voters in 2005, gives the State Auditor's Office the authority to conduct independent performance audits of state and local government entities. Performance audits may include objective analysis on ways to improve program performance and operations, reduce costs and identify best practices.

We issued the Opportunities to Reduce State Cell Phone Costs performance audit report in November 2011. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE DISTRICT

The Community Colleges of Spokane was founded in 1963. The District is composed of Spokane Falls Community College, Spokane Community College, and District Administration. The District's colleges offer academic transfer, professional, technical, adult literacy and workforce training programs for approximately 29,800 students in Ferry, Lincoln, Pend Oreille, Spokane, Stevens and Whitman counties.

The District has approximately 2,600 faculty members and employees. It operates on a budget of approximately \$130.2 million, of which \$52.6 million is appropriated by the state. A five-member Board of Trustees oversees District operations. The Board is appointed by the Governor and confirmed by the Senate. The Board appointed Dr. Christine Johnson as Chancellor in August 2010.

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 the Community Colleges of Spokane 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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