



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Omak School District No. 19

For the period September 1, 2017 through August 31, 2019

Published March 9, 2020

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

March 9, 2020

Board of Directors
Omak School District No. 19
Omak, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor 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.

Attached is 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

Results in brief

This report describes the overall results and conclusions for the areas we examined. In those selected areas, District operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

However, we noted certain matters that we communicated to District management and Board of Directors in a letter dated February 27, 2020, related to Associated Student Body (ASB) activities. We appreciate the District's commitment to resolving those matters.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

About the audit

This report contains the results of our independent accountability audit of Omak School District No. 19 from September 1, 2017 through August 31, 2019.

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 obtaining 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. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the years ended August 31, 2019 and 2018, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Associated Student Body activities at high school and middle school – fundraisers, cash receipting, and disbursements
- Student enrollment reporting
- Procurement – cooperative purchases and professional services
- Use of restricted funds – professional learning
- Establishment of local revenue and expenditure accounts
- Compliance with management and support services contract for student online learning



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Omak School District No. 19

September 1, 2017 through August 31, 2019

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

Audit Period: September 1, 2015 through August 31, 2017	Report Ref. No.: 1021049	Finding Ref. No.: 2017-001
Finding Caption: The District lacked sufficient internal controls over Associated Study Body activities to safeguard against potential loss and noncompliance with laws and regulations.		
Background: District management has not routinely monitored ASB activity or provided the necessary support and policies for staff and ASB Council to enforce club completion or retention of the required documentation for fundraisers, including reconciliation of receipts to supporting records to ensure all funds were received. In addition, staff lacked technical knowledge of ASB requirements to approve all fundraisers, approve all payments during ASB meetings, retain those meeting minutes and refrain from allowing clubs to spend more than their fund balance.		
Status of Corrective Action: <input checked="" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid		
Corrective Action Taken: <i>Corrective actions have been taken. The District has and will continue to provide additional ASB trainings to our student council, advisors and coaches.</i> <i>We have modified our ASB warrant review and approval process and have seen significant improvement in compliance with our procedures for fundraisers. While improvements have been made, we still are working to holding all clubs accountable for the reconciliation process and our student council accountable for accurately documenting the minutes to include more specific's regarding fundraising approval. A list of intended fundraisers are approved prior to the beginning of the school year along with approval during the regular monthly meetings. We</i>		

are working with our students to improve their documentation of minutes of these occurrences. We are continuing to communicate how deposits are to be made during the summer months to ensure that they are timely. With that being said, we do have options and are working to ensure that they are known to all those conducting ASB fundraisers. We have corrected our process for ensuring that club accounts maintain positive fund balances. The District is working to ensure ASB cash receipts are reviewed and deposited within 24 hours and that account reconciliations are independently reviewed monthly.

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 is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE DISTRICT

Omak School District No. 19 is located in the City of Omak in Okanogan County. The District has three elementary schools, two middle schools, three high schools, and one alternative school. In 2010, the District added an online K-12 alternative education program. In addition, the District partners with Paschal Sherman Indian School, located on the Colville Indian Reservation, to provide services to children of Native American heritage.

An elected, five-member Board of Directors governs the District. The Board appoints a Superintendent who is responsible for oversight of the District's daily operations as well as its more than 400 employees. During the 2017-2018 school year, the District had about 5,000 students and operated on a \$54.5 million dollar budget. During the 2018-2019 school year, the District had about 5,200 students and operated on a \$58.7 million dollar budget.

Contact information related to this report	
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Contact:	Scott Haeberle, Fiscal Administrator
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Information current as of report publish date.

Audit history

You can find current and past audit reports for Omak School District No. 19 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	
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