



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report
Bainbridge Island School District
No. 303

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

Published August 27, 2020

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

August 27, 2020

Board of Directors
Bainbridge Island School District No. 303
Bainbridge Island, 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,

Pat McCarthy
State Auditor
Olympia, WA

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

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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.

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 Bainbridge Island School District No. 303 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 use 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:

- Use of restrict funds – professional learning and donations
- Establishment of local revenue and expenditure accounts
- Procurement – purchases and public works
- Payroll – leave cash outs
- Accounts payable – general disbursements, credit cards and electronic funds transfers
- Cash receipting – timeliness and completeness of deposits, voids and adjustments
- Tracking and monitoring of theft sensitive assets, such as computers

BOARD OF DIRECTORS

Mark Emerson
Christina Hulet
Sanjay Pal
Lynn Smith
Mike Spence

**SUPERINTENDENT**

Peter Bang-Knudsen

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Bainbridge Island School District No. 303 September 1, 2017 through August 31, 2019

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

| Audit Period: | Report Ref. No.: | Finding Ref. No.: |
|--|-------------------------|--------------------------|
| September 1, 2015 through August 31, 2016 | 1019487 | 2016-001 |
| Finding Caption: The District lacked adequate controls over enrollment reporting for its Mosaic Home Partnership alternative learning experience program, resulting in overfunding of \$61,346. | | |
| Background: Alternative learning experience (ALE) is an individualized course of study that school districts may claim for basic education funding provided the district complies with state regulations. Mosaic Home Education Partnership Program is a site-based program for students in grades K-8. The program reported 41.74 annual average full-time equivalent (AAFTE) students. The program has operated for 25 years, and non-resident students represent 39.5 percent of students reported for funding. During our audit, we found the following issues: <ul style="list-style-type: none"> • The District uses boilerplate interim written student learning plans in September that do not include minimum requirements. • The District prepares individualized written student learning plans by the end of October that are backdated to the beginning of school. We could not verify whether these plans are in place as of the October count date for any student in the program. • Written student learning plans do not include dated, signed approval by a certificated instructor. • September progress reviews were not completed for any student in the program. • Monthly progress reviews were not consistently available for each student for the months of October through June. Signed statements of understanding from parents certifying they understand the difference between ALE and home-based instruction were predated, and could not be verified as to the date signed, for three students. | | |

Status of Corrective Action: (check one)☒ Fully
Corrected☐ Partially
Corrected☐ Not Corrected☐ Finding is considered no
longer valid**Corrective Action Taken:**

The District has set up internal controls to ensure all ALE requirements are met including annual training regarding the ALE requirements, the development and required use of a program requirement checklist and learning plans available from OSPI, monthly file review by the principal, and quarterly review by the assistant superintendent. Teachers and principals responsible for student learning plans will receive annual training on ALE requirements, and all staff members will be held accountable for the completion of all ALE requirements in compliance with the timeline.

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 program, which is 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

Bainbridge Island School District No. 303 provides education services to approximately 3,787 students in kindergarten through 12th grade. The District operates three elementary schools, one intermediate school, one middle school, one main high school and an array of optional programs, including a multiage program and a second smaller high school.

An elected, five-member Board of Directors governs the District. Board Members serve staggered, four-year terms. The Board appoints a Superintendent to oversee the District's daily operations as well as its approximately 267 certificated and 260 classified employees. For the 2018-2019 fiscal year, the District operated on an annual budget of \$55 million.

Contact information related to this report

| | |
|------------|---|
| Address: | Bainbridge Island School District No. 303 8489 Madison Avenue N.E. Bainbridge Island, WA 98110-2999 |
| Contact: | Peggy Paige, Director of Business Services |
| Telephone: | (206) 780-1061 |
| Website: | www.bainbridge.wednet.edu |

Information current as of report publish date.

Audit history

You can find current and past audit reports for Bainbridge Island School District No. 303 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 | PublicRecords@sao.wa.gov |
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