



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Centralia College

For the period July 1, 2016 through June 30, 2020

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

May 20, 2021

Board of Trustees
Centralia College
Centralia, 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 College 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 College'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 value your cooperation during the audit.

Sincerely,

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, College 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 the Centralia College from July 1, 2016 through June 30, 2020.

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 43.09.310, which requires the Office of the Washington State Auditor to examine the financial affairs of all state agencies. Our audit involved obtaining evidence about the College'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 June 30, 2020, 2019, 2018 and 2017, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- CARES Act Funding
- Cash receipting – timeliness and completeness of deposits
- Accounts payable – general disbursements, credit cards, travel expenditures, and electronic funds transfers
- Local funds – bank reconciliations
- Payroll – leave cash outs
- Compliance with Clery Act – recordkeeping of crimes committed on campus
- Open Public Meetings Act – documentation of minutes, executive sessions, and special meetings
- Financial Condition

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, 2020, can be found at <https://www.sao.wa.gov/about-audits/about-state-government-audits/>.

Our opinion on the Centralia College's basic financial statements is included in the College's separate Comprehensive Annual Financial Report.

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.

INFORMATION ABOUT THE COLLEGE

Founded on the third floor of the original Centralia High School in 1925, Centralia College is the oldest continuing operating community college in Washington State. The college joined the state system under the Washington State Community College Act of 1967 and subsequently the Centralia School District moved the high school and sold the land and buildings to the State of Washington. As part of the State Board of Community and Technical Colleges, the college has a service district of over 2,500 square miles encompassing all of Lewis County and the southern portion of Thurston County. Over the years, the campus has grown to nearly sixty acres and 350,000 square feet of facilities in nine major buildings in the center of the City of Centralia, with a 5,500 square foot center in Morton. In 2019-2020, the College served over 3,400 full- and part-time students with over 400 faculty and staff on a \$20.8 million operating budget. The major source of funding is the State Board of Community and Technical College allocation of state appropriated revenues (77.5%) and tuition collections (22.5%)

Originally accredited as a junior college under the auspices of the University of Washington and focusing strictly on lower division academic offerings, Centralia College now offers a wide range of college level academic and professional education programs, and basic education classes for students returning to the education environment. In 2012, the college added a Bachelors in Applied Science (BAS) degree in Management to the Associate in Arts degrees and other certificates offered, and now has BAS programs in Diesel Technology, Teacher Education, and Information Technology. Additional BAS programs are currently in the planning stages. Currently the college has over 3,000 students, with sixty tenured or tenure track faculty, and 250 staff. The governance of the College is provided by a five-member Board of Trustees, appointed by the governor and confirmed by the senate. The board is the primary policy making body who directly oversee the president, who in turn is responsible for the operation of the college.

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 Centralia College at <http://portal.sao.wa.gov/ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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