



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Tonasket School District No. 404

For the period September 1, 2018 through August 31, 2020

Published November 18, 2021

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

November 18, 2021

Board of Directors
Tonasket School District No. 404
Tonasket, 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 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.

However, we noted certain matters related to Associated Student Body (ASB) activities that we will communicate to District management and the Board of Directors in a letter dated November 15, 2021. 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

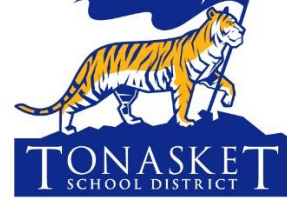
This report contains the results of our independent accountability audit of Tonasket School District No. 404 from September 1, 2018 through August 31, 2020.

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 43.09.260, which requires the Office of the Washington 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, 2020 and 2019, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Establishment of local revenue and expenditure accounts
- Associated Student Body activities
- Payroll – electronic funds transfer, gross wages, stipends, and leave accruals
- Procurement – public works
- Student enrollment reporting



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Tonasket School District No. 404 September 1, 2018 through August 31, 2020

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

Audit Period: September 1, 2016 through August 31, 2018	Report Ref. No.: 1024007	Finding Ref. No.: 2018-001
Finding Caption: <p>The District lacked adequate controls over Associated Student Body (ASB) activities to detect or prevent misappropriation or loss, or comply with ASB requirements.</p>		
Background: <p>The District did not allocate the necessary time, resources and oversight to establish adequate internal controls to safeguard ASB funds and comply with state laws. As a result, we found the following conditions during the audit:</p> <ul style="list-style-type: none"> Fundraisers were not conducted in accordance with District procedures and did not properly safeguard proceeds. Cash receipting controls were not adequate to safeguard public funds or comply with state law. District staff had not reconciled or replenished its \$7,500 ASB imprest fund from 2016 to the time of the audit. <p>Also, we found that the District did not consistently perform daily reconciliations of ASB receipts or deposit all receipts within 24 hours.</p>		
Status of Corrective Action: (check one) <div> <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 </div>		
Corrective Action Taken: <p><i>ASB advisor and bookkeeper have attended ASB trainings. In these trainings, they have found processes to better implement with ASB club and athletics advisors to track fundraisers better. The Imprest account also has better processes to replenish and balance the ASB imprest account.</i></p>		

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

Tonasket School District No. 404 is located in the city of Tonasket in Okanogan County. The District has one each of elementary school, middle school, high school and alternative school. During the 2019 and 2020 school year, the District had approximately 1,100 full- and part-time students.

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 and its 173 employees. For fiscal year 2019 and 2020, the District had expenditures of about \$16.8 million and \$18.3 million, respectively.

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 Tonasket School District No. 404 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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