



Office of the Washington State Auditor  
Pat McCarthy

## **Accountability Audit Report**

# **Soap Lake School District No. 156**

**For the period September 1, 2019 through August 31, 2021**

*Published June 27, 2022*

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

June 27, 2022

Board of Directors  
Soap Lake School District No. 156  
Soap Lake, 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

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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 Soap Lake School District No. 156 from September 1, 2019 through August 31, 2021.

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, 2021 and 2020, 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 restricted funds – professional learning
- Use of restricted funds – local revenue for enrichment activities
- Compliance with supplemental contracts for enrichment activities
- Controls over payroll direct deposits
- Student enrollment reporting
- Associated Student Body activities – fundraisers
- Open public meetings – compliance with minutes, meetings and executive session requirements
- Financial condition – reviewing for indicators of financial distress



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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### Soap Lake School District No. 156 September 1, 2019 through August 31, 2021

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

Audit Period:	Report Ref. No.:	Finding Ref. No.:
September 1, 2017 through August 31, 2019	1026015	2019-002
<b>Finding Caption:</b> The District's internal controls over Associated Student Body activities were insufficient to safeguard against potential loss and noncompliance with laws and regulations.		
<b>Background:</b> We tested 18 fundraisers, and found that documentation was either inadequate or missing. The District did not: <ul style="list-style-type: none"> <li>• Reconcile beginning or ending inventory for sales, or ending receipts to source documents (tickets, merchandise, manual receipts, etc.), for 14 events. As such, the District cannot determine whether it received all money owed to it or whether a loss or misappropriation occurred. We also identified three events with variances in ending cash totaling \$52.</li> <li>• Include projection of revenue, expenditures, and profit for five (of six required) events</li> <li>• Use pre-numbered tickets or manual receipts for 14 events</li> </ul> Additionally, the District failed to deposit receipted funds on time for 15 of 30 tested instances, even though the District had a waiver from the Grant County Treasurer's Office allowing it to make deposits twice weekly We recommend the District improve internal controls over ASB activities to comply with state laws and regulations, and to adequately safeguard public resources. Specifically, the District should: <ul style="list-style-type: none"> <li>• Provide adequate training to staff and students involved in ASB fundraisers</li> <li>• Reconcile fundraiser receipts to expected revenues derived from inventory sold, tickets, or other methods of estimating expected revenue</li> <li>• Prepare and retain all necessary records for ASB activities</li> <li>• Adopt policies and procedures to provide guidance about required documentation and</li> </ul>		

<p>overall fundraiser expectations</p> <ul style="list-style-type: none"> <li>• Deposit receipts in accordance with requirements set by state law and the County Treasurer waiver</li> </ul>			
<p><b>Status of Corrective Action:</b></p> <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>			
<p><b>Corrective Action Taken:</b></p> <p><i>The ASB advisor attends ASB training and provides training to students and staff. Fundraisers are documented, reconciled and funds deposited according to our policy and procedures. We strive to continue improving our process.</i></p>			

## INFORMATION ABOUT THE DISTRICT

Soap Lake School District No. 156, located in Grant County, serves about 540 students in kindergarten through 12th grade. The District has one combined high school and middle school, one elementary school and an alternative education site. The District operates on an annual budget of about \$8.9 million.

A five-member Board of Directors, elected to four-year terms, governs the District. The Board appoints a Superintendent who is responsible for oversight of the District's daily operations.

### Contact information related to this report

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Telephone:	(509) 246-1822
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*Information current as of report publish date.*

### Audit history

You can find current and past audit reports for Soap Lake School District No. 156 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](http://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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