



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Taholah School District No. 77

For the period September 1, 2021 through August 31, 2022

Published August 14, 2023

Report No. 1033105



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

August 14, 2023

Board of Directors
Taholah School District No. 77
Taholah, 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 open public meetings act and gifting of public funds that we communicated to District management and the Board of Directors in a letter dated August 8, 2023. 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 Taholah School District No. 77 from September 1, 2021 through August 31, 2022.

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 year ended August 31, 2022, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Student enrollment reporting – basic enrollment
- Use of restricted funds – professional learning and local revenue for enrichment activities
- Compliance with supplemental contracts for enrichment activities
- Procurement – public works
- Payroll – retroactive payments

- Open public meetings – compliance with minutes, meetings and executive session requirements
- Financial condition – reviewing for indications of financial distress

Taholah School District No. 77

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Taholah School District No. 77 September 1, 2021 through August 31, 2022

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

Audit Period: September 1, 2020 through August 31, 2021	Report Ref. No.: 1031836	Finding Ref. No.: 2021-001
Finding Caption: The District did not fully comply with requirements to ensure accurate and supported basic enrollment reporting.		
Background: During our audit, we found the District did not keep documentation to support student enrollment reporting for six out of 10 months during the academic year. Of the four months retained, three months contained significant discrepancies and could not be relied on to support student enrollment counts. For the remaining month of March 2021, the high school's class schedule did not include the minimum required 1,665 instructional weekly minutes necessary to report students as one FTE. Additionally, the District entered more weekly instructional minutes into the reporting system than what the high school's class schedule supported.		
Status of Corrective Action: (check one) <input checked="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>The District is now working with Educational Service District No. 113 to assist and monitor enrollment reporting, accurate documentation, and document retention. The District has also contracted with supporting staff to ensure reporting is done timely and correctly. Enrollment reporting will be reviewed and approved by the Principal/Superintendent.</i>		

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

Taholah School District No. 77 provides public school services to approximately 168 students in kindergarten through 12th grade in Grays Harbor County. The District's five member Board of Directors is the primary policy-making body exercising budgetary and financial control for the District.

Board Members are elected to staggered, four-year terms. The Superintendent and staff administer day-to-day operations of the District and carry out decisions made by the Board. The District operates on a \$4.9 million annual general fund budget and its approximately 42 employees provide basic education and support services.

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 Taholah School District No. 77 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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