



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Taholah School District No. 77

For the period September 1, 2022 through August 31, 2023

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

September 9, 2024

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

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AUDIT RESULTS

Results in brief

This report describes the overall results and conclusions for the areas we examined. In most of the areas we examined, District operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over safeguarding of public resources.

As referenced above, we identified areas where the District could make improvements. These recommendations are included with our report as a finding.

We also noted certain matters related to supplemental contracts, employee contracts and additional pay that we communicated to District management and the Board of Directors in a letter dated September 3, 2024. 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, 2022 through August 31, 2023.

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, 2023, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Open public meetings – compliance with minutes, meetings and executive session requirements
- Compliance with supplemental contracts for enrichment activities
- Payroll – gross wages, overtime, and electronic funds transfers

- Use of restricted funds – professional learning and local revenue for enrichment activities
- Accounts payable – general disbursements and credit cards
- Financial condition – reviewing for indications of financial distress

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

Taholah School District No. 77 September 1, 2022 through August 31, 2023

2023-001 The District lacked adequate internal controls for ensuring compliance with the Open Public Meeting Act.

Background

Taholah School District No. 77 provides public school services to about 166 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. The District operates on a \$5.8 million annual general fund budget.

The District is responsible for designing, implementing and maintaining internal controls that ensure compliance with state law as well as provide reasonable assurance that it is safeguarding public resources.

The Washington Open Public Meetings Act (OPMA) requires public agency governing bodies to hold discussions and make business decisions in an open public forum, and formally establish a set schedule for regular meetings. State law (RCW 42.30) requires the District school board to promptly record minutes of regular and special meetings and make them available for public inspection.

Description of Condition

The District lacked effective internal controls for ensuring it complied with OPMA requirements for meeting minutes. The District held 41 meetings from September 1, 2022, through August 31, 2023. Of these meetings and the minutes available for audit, we found the District:

- Did not have minutes for 31 meetings
- Did not promptly record meeting minutes
- Did not document the time it would resume open public meetings after executive sessions

Cause of Condition

The District experienced high turnover in key positions as well as extended staff absences and did not provide the necessary resources to ensure compliance with the OPMA.

Effect of Condition

The District does not have an official record of business the Board conducted at its meetings, therefore depriving the public of this information. Additionally, when the District does not announce the time it will return from executive session, the public is unaware of the time to return for the open public meeting.

Recommendation

We recommend the District retain documentation of all meeting minutes and promptly make them available for public inspection.

District's Response

In response to this finding the district recognizes several deviancies in district personal performance. Under the guidance of new Superintendent Dr. Herman Lartigue, the district has replaced the previous HR Director, who is responsible to record and maintain official school board minutes. In the future the Superintendent will ensure that previous board meeting minutes are presented to the school board for review and approval at each new regularly scheduled board meeting.

Auditor's Remarks

We thank the District for its cooperation throughout the audit and the steps it is taking to address these concerns. We will review the status of the District's corrective action during our next audit.

Applicable Laws and Regulations

Chapter 42.30 RCW – Open Public Meetings Act.

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 166 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 \$5.8 million annual general fund budget and its approximately 52 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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