

Washington State Auditor's Office
Accountability Audit Report

Kennewick School District No. 17
Benton County

Report Date
April 27, 2009

Report No. 1001345

Issue Date
May 18, 2009



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

May 18, 2009

Board of Directors
Kennewick School District No. 17
Kennewick, Washington

Report on Accountability

Please find attached our report on Kennewick School District No. 17's accountability and compliance with state laws and regulations and its own policies and procedures.

In addition to this work, we also audit the District's financial statements and compliance with federal laws and regulations. The results of that audit will be included in a separately issued audit report.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

Table of Contents

Kennewick School District No. 17
Benton County
April 27, 2009

Audit Summary..... 1

Description of the District 2

Audit Areas Examined..... 4

Status of Prior Audit Findings..... 5

Audit Summary

Kennewick School District No. 17 Benton County April 27, 2009

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of Kennewick School District No. 17.

We performed audit procedures to determine whether the District complied with state laws and regulations and its own policies and procedures. We also examined District management's accountability for public resources. Our work focused on specific areas that have potential for abuse and misuse of public resources.

Areas examined during the audit were selected using financial transactions from September 1, 2007, through August 31, 2008.

RESULTS

In most areas, the District complied with state laws and regulations, its own policies and procedures, and internal controls were adequate to safeguard public assets. However, we noted certain issues that we communicated to District management. We appreciate the District's commitment to resolving the issues.

RELATED REPORTS

Our opinion on the District's financial statements and compliance with federal program requirements is provided in a separate report, which includes the District's financial statements.

CLOSING REMARKS

We thank District officials and personnel for their assistance and cooperation during the audit.

Description of the District

Kennewick School District No. 17 Benton County April 27, 2009

ABOUT THE DISTRICT

Kennewick School District No. 17 is located in Benton County in southeastern Washington and provides educational services to approximately 15,000 students in pre-kindergarten through 12th grade. The District encompasses 292 square miles including the city of Kennewick and the unincorporated community of Plymouth. The District operates three high schools, an alternative high school, a skill center, four middle schools, 13 elementary schools and one preschool. The District also holds classes at the Juvenile Justice Center.

An elected, five-member Board of Directors governs the District. The Board appoints management to oversee the District's daily operations as well as its approximately 1,750 employees. For fiscal year 2008, the District operated on a \$139 million annual budget.

AUDIT HISTORY

We audit the District on an annual basis. The past five audits of the District have reported two findings. The 2007 audit contained a federal program finding involving procurement and suspension and debarment; in addition a finding involving transportation reporting was also reported. Management has been responsive to audit recommendations.

ELECTED OFFICIALS

These officials served during the audit period:

Board of Directors:

Dawn Adams
Lynn Fielding
Dan Mildon
Ed Frost (September through November 2007)
Greg Herman (September 2007 through August 2007)
Wendy London (effective November 2007)
Kathy White (effective November 2007)

APPOINTED OFFICIALS

Superintendent	Marlis Lindbloom (September 2007 through June 2008)
Associate Superintendent of Curriculum and Instruction	Dave Bond (effective July 2008)
Business Manager	Dr. Charles Lybeck
Assistant Superintendent of Personnel	Vic Roberts
Executive Directors:	Beverly Johnson-Torelli
Secondary Schools	Dave Bond (September 2007 through June 2008)
Elementary Education Director	Ron Williamson (effective July 2008)
Information Technology	Greg Fancher
	Ron Cone

ADDRESS

District	524 S. Auburn Street Kennewick, WA 993636 (509) 222-5000 www.ksd.org
----------	--

Audit Areas Examined

Kennewick School District No. 17 Benton County April 27, 2009

In keeping with general auditing practices, we do not examine every portion of Kennewick School District No. 17's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the District were examined during this audit period:

ACCOUNTABILITY

We evaluated the District's accountability in the following areas:

- Small and attractive assets such as computers
- Insurance/risk management
- Open public meetings/records laws
- Associated Student Body
- Analytical trends
- Budget compliance
- Disbursements/expenditures
- Payroll/personnel
- Apportionment – enrollment reporting
- Apportionment – transportation reporting
- Conflict of interest/ethics laws

FEDERAL PROGRAMS

We evaluated internal controls and tested compliance with federal program requirements, as applicable, for the District's major federal programs, which are listed in the Federal Summary section of the financial statement and single audit report.

FINANCIAL AREAS

Our opinion on the District's financial statements is provided in a separate report. That report includes the District's financial statements and other required financial information. We examined the financial activity and balances of the District including:

- Cash and investments
- Revenue
- Expenditures/expenses
- Receivables
- Financial condition
- Long-term debt
- Overall presentation of the financial statements
- Financial statement preparation

Status of Prior Audit Findings

Kennewick School District No. 17 Benton County April 27, 2009

The status of findings contained in the prior years' audit reports of Kennewick School District No. 17 is provided below:

1. **Kennewick School District No. 17's internal controls were inadequate to ensure accurate reporting of student ridership to the Office of Superintendent of Public Instruction.**

Report No. 74969, dated June 26, 2008

Background

The District operates approximately 254 routes and provides transportation to approximately 5,658 riders. The District received \$2,180,407 in funding from the state during fiscal year 2007 for transportation operations and maintenance.

Transportation funding is based on several areas including the number of school bus routes, the distance a bus has to drive to pick up students and the type of bus route (special education, basic route, kindergarten, etc.). If a District inaccurately reports in any one of these areas, the District can be paid incorrectly by the state.

Status

The following is the District's corrective action plan:

Ridership Reporting Finding:

1. The Transportation Department had mandatory trainings September 18, 2008, with staff which includes the review of route types, how to complete reports, accuracy of reporting and reviewing. Others in attendance were Assistant Superintendent for Human Resources, Business Manager and Fiscal Officer.
2. A solution for the mapping problem that was addressed has been implemented. The mapping problem that existed in 2006 was caused by the Map not having the correct location of two elementary schools. When Information Technology tried to reproduce the count we were not accurate due to the wrong location on the map for both Elementary Schools. We have run a hard copy for 2007. This problem has been corrected.
3. Administration will review route types and modes.
4. Transportation Supervisor will review and verify and initial the accuracy of reports.

We performed testing of District transportation routes for adequate route type, proper mode and mileage calculations. We reviewed the District documentation of K-5 ridership. Based on the work performed, we found transportation reporting was greatly improved and adequate to state the finding was resolved.



ABOUT THE STATE AUDITOR'S OFFICE

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

Our mission is to work in cooperation with our audit clients and citizens as an advocate for government accountability. As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

The State Auditor's Office employees are located around the state to deliver our services effectively and efficiently.

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

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service. We continue to refine our reporting efforts to ensure the results of our audits are useful and understandable.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive quality assurance program.

State Auditor
Chief of Staff
Deputy Chief of Staff
Chief Policy Advisor
Director of Audit
Director of Special Investigations
Director for Legal Affairs
Director of Quality Assurance
Local Government Liaison
Communications Director
Public Records Officer
Main number
Toll-free Citizen Hotline

Brian Sonntag, CGFM
Ted Rutt
Doug Cochran
Jerry Pugnetti
Chuck Pfeil, CPA
Jim Brittain, CPA
Jan Jutte, CPA, CGFM
Ivan Dansereau
Mike Murphy
Mindy Chambers
Mary Leider
(360) 902-0370
(866) 902-3900

Web Site

www.sao.wa.gov

Subscription Service <https://www.sao.wa.gov/applications/subscriptionservices/>