

Washington State Auditor's Office
Accountability Audit Report

Lake Washington School District No. 414
King County

Report Date
February 26, 2009

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May 18, 2009



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

May 18, 2009

Board of Directors
Lake Washington School District No. 414
Redmond, Washington

Report on Accountability

Please find attached our report on Lake Washington School District No. 414'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

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King County
February 26, 2009**

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Audit Summary

Lake Washington School District No. 414 King County February 26, 2009

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of Lake Washington School District No. 414.

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

The District complied with state laws and regulations and its own policies and procedures in most areas we examined. 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. That report includes two federal findings regarding the lack of compliance with its Special Education and Title I grants.

CLOSING REMARKS

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

Description of the District

Lake Washington School District No. 414 King County February 26, 2009

ABOUT THE DISTRICT

Lake Washington School District No. 414 serves more than 23,727 students from preschool through 12th grade in east King County. The District operates four high schools, seven junior high schools, 27 elementary schools and 12 choice schools. An elected, five-member Board of Directors oversees the District by appointing management, setting the budget and handling other fiscal responsibilities. The District has an annual operating budget of \$218 million and employs approximately 2,928 staff members.

AUDIT HISTORY

We audit the District annually. The past five audits of the District have reported two findings including one finding regarding an incorrect charge to a federal grant in 2004 and one finding regarding compliance with federal suspension and debarment requirements in 2005. Both of these findings have been resolved. District management has always responded positively to our recommendations.

ELECTED OFFICIALS

These officials served during the audit period:

Board of Directors:

Jackie Pendergrass
Ravi Shahani
Nancy Bernard
Doug Eglington
Christopher Carlson

APPOINTED OFFICIALS

Superintendent
Deputy Superintendent

Dr. Chip Kimball
Janene Fogard

ADDRESS

District

16250 N.E. 74th Street
P.O. Box 97039
Redmond, WA 98073-9739

Audit Areas Examined

Lake Washington School District No. 414 King County February 26, 2009

In keeping with general auditing practices, we do not examine every portion of Lake Washington School District No. 414'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:

- Cash receipting
- Small and attractive assets
- Contracts/agreements
- Debt/covenants
- Open public meetings/records laws
- Procurement (bidding/prevaling wage)
- Disbursements/expenditures
- Payroll/personnel
- Revolving funds
- Travel
- Going concern
- Associated Student Body

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
- Financial condition
- Long-term debt
- Overall presentation of the financial statements
- Financial statement preparation



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.

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