



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report
Peninsula School District No. 401

For the period September 1, 2017 through August 31, 2018

Published May 6, 2019

Report No. 1023735





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

May 6, 2019

Board of Directors
Peninsula School District No. 401
Gig Harbor, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office 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.

The attached comprises 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 we value your cooperation during the audit.

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

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AUDIT RESULTS

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

As referenced above, we noted certain matters that we communicated to District management and Board of Directors in a letter dated April 29, 2019, related to Associated Student Body fundraising. We appreciate the District's commitment to resolving those matters.

About the audit

This report contains the results of our independent accountability audit of Peninsula School District No. 401 from September 1, 2017 through August 31, 2018.

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 State Auditor to examine the financial affairs of all local governments. Our audit involved performing procedures to obtain evidence about the District's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, based on our risk assessment for the year ended August 31, 2018, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Associated Student Body activities at Gig Harbor High School, Goodman Middle School, and Key Peninsula Middle School – fundraisers, booster activity, and cash receipting
- Accounts payable – general disbursements and credit cards
- Payroll – leave cash outs
- Financial condition and fiscal sustainability
- Procurement – piggybacking, architecture and engineering, and professional services

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 program, which is 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

Peninsula School District No. 401, located in Pierce County, provides educational services to about 8,600 students in pre-school through 12th grade. From its 15 schools, the District provides basic education, bilingual education, special education, pupil transportation, and food services.

An elected five-member Board of Directors governs the District. Board Members serve staggered, four-year terms. The Board appoints a Superintendent to oversee the District's daily operations as well as its approximately 1,200 employees. For fiscal year 2018, the District operated on a combined budget of about \$113 million.

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 Peninsula School District No. 401 at <http://portal.sao.wa.gov/ReportSearch>.

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.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

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.

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 as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

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

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