

Washington State Auditor's Office
Accountability Audit Report

Olympic Educational Service District
No. 114
Kitsap County

Report Date
February 25, 2010

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WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

April 12, 2010

Board of Directors
Olympic Educational Service District No. 114
Bremerton, Washington

Report on Accountability

We appreciate the opportunity to work in cooperation with your District to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role to advocate for government accountability and transparency and to promote positive change.

Please find attached our report on Olympic Educational Service District No. 114's accountability and compliance with state laws and regulations and its own policies and procedures. Thank you for working with us to ensure the efficient and effective use of public resources.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

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Kitsap County
February 25, 2010

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Audit Summary

Olympic Educational Service District No. 114 Kitsap County February 25, 2010

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of Olympic Educational Service District No. 114 for the period from September 1, 2008, through August 31, 2009.

We evaluated internal controls and performed audit procedures on the activities of the District. We also determined whether the District complied with state laws and regulations and its own policies and procedures.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. The following areas were examined during this audit period:

- Cash receipting
- Small and attractive assets such as computers
- Insurance/risk management
- Open public meetings/records laws
- Budget compliance
- Disbursements/expenditures
- Payroll/personnel
- Compliance with grant requirements
- Educational Service Districts – indirect costs

RESULTS

In the areas we examined, the District's internal controls were adequate to safeguard public assets. The District also complied with state laws and regulations and its own policies and procedures in the areas we examined.

Related Reports

**Olympic Educational Service District No. 114
Kitsap County
February 25, 2010**

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.

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 Federal Summary section of the financial statement and single audit report.

Description of the District

Olympic Educational Service District No. 114 Kitsap County February 25, 2010

ABOUT THE DISTRICT

Olympic Educational Service District No.114 was established to provide equity in educational opportunities and to ensure compliance with state rules and programs established by the Legislature, State Board of Education and Office of Superintendent of Public Instruction. The District provides technical assistance to local school districts and collects and reports information for accountability and funding purposes. As a member and manager of the Western Regional Data Center, a data processing cooperative, the District provides financial and student records services to 22 school districts.

The District provides services in Kitsap, Mason, Jefferson and Clallam counties. It offers numerous educational programs, which include Special Education, Head Start, the Kitsap and Clallam County detention schools, instructional materials cooperative staff and staff development for teachers. In particular, the District has taken a leadership role in adopting a comprehensive approach to youth substance abuse and treatment counseling. It has also developed a program under the Workforce Investment Act (WIA) for youth to attain basic skills, work readiness or occupational skills and secondary diplomas or other credentials.

The District has a seven-member Board of Directors. Board Members represent geographical regions and are elected at large by members of local school boards. The District has approximately 405 employees, including approximately 190 regular and 215 part-time and temporary staff. The WIA program temporarily expanded the part-time employees in the summer of 2009. The District's 2009 General Fund operating budget was approximately \$16 million.

In addition, the District administers and functions as a member of two insurance cooperatives and provides financial reports for these component units; the Workers' Compensation Trust and the Unemployment Insurance Compensation Cooperative.

The District's mission is to provide services to the local districts, to assist the Superintendent of Public Instruction and the State Board of Education in the performance of their duties and to promote equity in educational opportunity for students throughout the region.

ELECTED OFFICIALS

These officials served during the audit period:

Board of Directors:	Katie Proteau
	Dean Kiess
	Donn Ring
	Jean Wasson
	Ray Ondracek
	Karen Sorger
	Genelle Doyle

APPOINTED OFFICIALS

Superintendent	Walt Bigby
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DISTRICT CONTACT INFORMATION

Address:	Olympic Educational Service District No. 114 105 National Ave N. Bremerton, WA 98312-3537
Phone:	(360) 479-0993
Web site:	www.oesd.wednet.edu

AUDIT HISTORY

We audit the District annually. Management has been very responsive to prior audit recommendations. Because of its assertive style of problem solving, the District had only one finding in the past 13 years. We believe this reflects the District's desire and commitment to maintain a strong financial system.

Additionally, the State Auditor's Office issued a comprehensive audit on Educational Service District's in September 2007 including the Olympic Educational Service District No. 114 who has been very responsive to the audit recommendations.



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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