



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report
Community Colleges of Spokane

For the period July 1, 2014 through June 30, 2018

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

March 11, 2019

Board of Trustees
Community Colleges of Spokane
Spokane, 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 College 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 College'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 those selected areas, College operations complied with applicable state laws, regulations, and its own policies, and provided adequate controls over safeguarding of public resources.

Because public distribution of tests performed and the related results over information technology could increase the risk to the College's IT security, distribution of that information has been limited to management and the governing body of the College and is kept confidential under RCW 42.56.420

During the audit period certain matters came to our attention that are currently under investigation.

Additionally, as noted under the Related Reports – Special Investigations section of this report, certain matters were examined and reported as part of a separate engagement.

About the audit

This report contains the results of our independent accountability audit of the Community Colleges of Spokane from July 1, 2014 through June 30, 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 43.09.310, which requires the Office of the State Auditor to examine the financial affairs of all state agencies. Our audit involved performing procedures to obtain evidence about the College's use 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 years ended June 30, 2018, 2017, 2016 and 2015, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Application review of software system, including:
 - System conversion
 - IT security policies, practices and controls protecting financial systems, IT systems and data
- Facilities Department review – purchase cards, fuel cards and payroll

- Payroll – processing and wages and/or benefit recalculations
- Contracts/agreements – monitoring at decentralized departments and compliance with agreement terms
- Purchase card activity

RELATED REPORTS

Financial

Our opinions on the College's financial statements for the years ended June 30, 2015 and 2014 are provided in separate reports. Those reports are available on our website, <http://portal.sao.wa.gov/ReportSearch>.

We perform an annual audit of the statewide basic financial statements, as required by state law (RCW 43.09.310). Our opinion on these financial statements is included in the Comprehensive Annual Financial Report (CAFR) prepared by and available from the Office of Financial Management.

The CAFR reflects the financial activities of all funds, organizations, institutions, agencies, departments and offices that are part of the state's reporting entity. That report is issued by the Office of Financial Management in December of each year and can be found at www.ofm.wa.gov.

A summary of the audit for the period ending June 30, 2018, can be found at: <http://www.sao.wa.gov/resources/Pages/AnnualReports.aspx>

Federal programs

In accordance with the Single Audit Act, we annually audit major federal programs administered by the state of Washington. Rather than perform a single audit of each agency, we audit the state as a whole. The results of that audit are published in a report issued by the Office of Financial Management in March of each year.

Special investigations

During the current audit period, the State Auditor's Office issued a report on a misappropriation of public funds at the College. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

During the current audit period, the State Auditor's Office issued a report pursuant to the State Employee Whistleblower Act (Chapter 42.40 RCW). That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE COLLEGE

The Community Colleges of Spokane was founded in 1963. The District is composed of Spokane Falls Community College, Spokane Community College, and District Administration. The Districts' colleges offer academic transfer, professional, technical, adult literacy and workforce training programs for approximately 30,185 students in Ferry, Lincoln, Pend Oreille, Spokane, Stevens and Whitman counties.

The District has 2,451 faculty members and employees. It operates on a budget of approximately \$190.9 million, of which \$51.5 million is appropriated by the state. A five-member Board of Trustees oversees District operations. The Board is appointed by the Governor and confirmed by the Senate. The Board appointed Dr. Christine Johnson as Chancellor in August 2010.

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 the Community Colleges of Spokane 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.

Contact information for the State Auditor's Office	
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Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
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