

Washington State Auditor's Office

Accountability Audit Report

Snohomish School District No. 201

Snohomish County

Report Date
March 20, 2012

Report No. 1007702

Issue Date
May 21, 2012



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

May 21, 2012

Board of Directors
Snohomish School District No. 201
Snohomish, 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 Snohomish School District No. 201'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

Table of Contents

**Snohomish School District No. 201
Snohomish County
March 20, 2012**

Audit Summary	1
Related Reports	2
Description of the District	3
Schedule of Audit Findings and Responses	5

Audit Summary

**Snohomish School District No. 201
Snohomish County
March 20, 2012**

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of Snohomish School District No. 201 from September 1, 2010 through August 31, 2011.

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:

- Financial condition
- Facility revenue
- Associated Student Body activities
- Student enrollment reporting
- Alternative Learning Experience program

RESULTS

In most areas, the District complied with state laws and regulations and its own policies and procedures.

However, we identified a condition significant enough to report as a finding:

- The District lacked adequate controls over enrollment reporting in its APEX Online Alternative Learning Experience (ALE) Program at AIM High School.

Related Reports

**Snohomish School District No. 201
Snohomish County
March 20, 2012**

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

Snohomish School District No. 201 Snohomish County March 20, 2012

ABOUT THE DISTRICT

Snohomish School District No. 201 provides public school services to approximately 9,800 students in kindergarten through 12th grade. The District's service area covers 165 square miles including the city of Snohomish and neighboring unincorporated portions of Snohomish County. The District operates two high schools, an alternative high school and a parent partnership program for home school students, two middle schools and 10 elementary schools.

An elected, five-member Board of Directors governs the District. The Board appoints a Superintendent to oversee the District's daily operations as well as its 540 certified and 500 classified employees. For the 2010-2011 fiscal year, the District had expenditures of approximately \$195,129,206

ELECTED OFFICIALS

These officials served during the audit period:

Board of Directors:

Jay Hagen
Leah Hughes-Anderson
David Johnston
Josh Seek
Shaunna Ballas

APPOINTED OFFICIALS

Superintendent

Dr. William Mester

DISTRICT CONTACT INFORMATION

Address: Snohomish School District No. 201
1601 Avenue D
Snohomish, WA 98290

Phone: (360) 563-7300

Website: www.sno.wednet.edu

AUDIT HISTORY

We audit the District annually. We issued a finding in fiscal year 2006 related to a federal grant. In addition, we issued findings in fiscal years 2007, 2008 and 2009 related to transportation reporting. These findings have been resolved. The fiscal year audit for 2010 was free of findings.

Schedule of Audit Findings and Responses

Snohomish School District No. 201 Snohomish County March 20, 2012

1. The District lacked adequate controls over enrollment reporting in its APEX Online Alternative Learning Experience (ALE) Program at AIM High School.

Background

The Office of Superintendent of Public Instruction (OSPI) establishes the rules and provides instructions on alternative learning experience enrollment reporting for state funding.

District management is responsible for designing and following internal controls that provide reasonable assurance regarding the reliability of documentation supporting enrollment reporting in ALE. Our audit identified significant deficiency in controls that adversely affect the District's ability to follow their own policies and procedures, State law, State administrative code and OSPI guidance, to produce reliable support for ALE reported for apportionment funding.

Description of Condition

In the 2011 school year, the District received approximately \$47.9 million in combined funding based on its enrollment and the education and experience of its teachers. The District's four ALE programs generated approximately \$1,636,900 of this funding. For our audit, we judgmentally selected the APEX digital online program, which represents approximately \$115,393 of this funding.

Our audit identified the following weaknesses in internal controls that, when taken together, represent a significant deficiency:

Student learning plans

- State regulation requires written learning plans for every ALE student prior to counting that student for enrollment. The District did not have student learning plans for students enrolled in APEX Online.

Enrollment reports

- The District did not maintain accurate documentation to support student enrollment reported to OSPI, including tracking student hours after having given the student an unsatisfactory report in the prior months.

Cause of Condition

District personnel were not aware of the requirements for claiming funding for ALE students.

Effect of Condition

The District reported 23.02 average monthly full-time equivalent students in the APEX program. We found an error rate of 100 percent at APEX Digital Online Program at AIM High School. The District over-reported 23.02 students, resulting in an overpayment of approximately \$115,393.

Recommendation

We recommend the District establish and follow controls to ensure:

- Written student learning plans are in place and designed to meet the student's individual learning needs prior to counting students for ALE enrollment funding.
- Student hours are tracked whenever a student obtains an unsatisfactory evaluation per state regulation (WAC 392-121-122).
- Work with OSPI to determine resolution of the overpayment.

District's Response

The district concurs with the auditor's finding. During the 2010-2011 school year, student learning plans were not kept for APEX students, although they were kept for other ALE programs. Student learning plans for APEX and all ALE students have been developed for the 2011-2012 school year. Procedures, including specific employee responsibilities, have been developed to ensure that all rules for ALE enrollment are completed and documentation is retained.

Auditor's Remarks

We appreciate the steps the District is taking to resolve this issue. We will review the condition during our next audit.

Applicable Laws and Regulations

Washington Administrative Code 392-121-182 (effective for the 2010-2011 school year) provided in part:

(3) Alternative learning experience implementation standards:

e) A school district that provides one or more alternative learning experiences to a student shall provide the parent(s) or guardian of the student, prior to the student's enrollment, with a description of the difference between home-based instruction pursuant to chapter 28A.200 RCW and the enrollment option selected by the student. The parent or guardian shall sign documentation attesting to his or her understanding of the difference and the documentation shall be retained by the district and made available for audit.

(4) Written student learning plan: Each student enrolled in an alternative learning experience course of study shall have a written student learning plan designed to meet the student's individual educational needs....The written student learning plan shall include, but not be limited to, the following elements:

- (a) A beginning and ending date for the learning experience;
- (b) An estimate of the average number of hours per week that the student will engage in learning activities to meet the requirements of the student learning plan. This estimate may be used in reporting enrollment in compliance with subsection (5) of this section and must be based upon the criteria in subsection (6) of this section;
- (c) A description of how weekly contact requirements will be fulfilled;
- (d) A description of the specific learning goals and performance objectives...The description shall clearly identify the requirements a student must meet to successfully complete the course of program;
- (e) A description of instructional materials essential to successful completion of the learning plan; and
- (f) A description of the timelines and methods for evaluating student progress toward the learning goals and performance objectives specified in the learning plan.

(5) Enrollment reporting: Effective the 2005-06 school year, the full-time equivalency of students enrolled in alternative learning experience programs shall be determined as follows:

- (a) Using the definition of full-time equivalent student in WAC 392-121-122 and the number of hours the student is expected to engage in learning activities as follows:
 - (i) On the first enrollment count date on or after the start date specified in the written student learning plan, the estimated average weekly hours of learning activity described in the written student learning plan;
 - (ii) On subsequent monthly count dates, if the student's progress review pursuant to subsection (6) of this section indicates satisfactory progress, the student's full-time equivalent shall be based on the estimated average weekly hours of learning activity identified in the student learning plan;
 - (iii) If the student's progress review indicates a lack of satisfactory progress, the student's full-time equivalent shall be based on the estimated average weekly hours of learning activity described in the student learning plan, and the actual number of hours the student engages in learning activity pursuant to the written student learning plan shall

be documented during the ensuing month. Documented hours shall encompass only time spent on those learning activities intended to accomplish the learning goals and performance objectives identified in the written student learning plan, shall meet the following criteria and shall be verified by district staff . . .

(iv) On subsequent monthly count dates, if the student's progress review indicates a lack of satisfactory progress, the student's full-time equivalent shall be based on the actual average weekly hours of learning activity documented during the prior month;

(v) Enrollment of part-time students shall be subject to the provisions of RCW 28A.150.350, and shall generate the pro rata share of full-time funding.

(b) The enrollment count shall exclude students meeting the definition of enrollment exclusions in WAC 392-121-108 or students who have not had direct personal contact with school staff for twenty consecutive school days. Any such student shall not be counted as an enrolled student until the student has met with appropriate school staff and resumed participation in their alternative learning experience or participated in another course of study as defined in WAC 392-121-107;

(c) School districts providing alternative learning experiences to nonresident students shall document the district of the student's physical residence, and shall establish procedures that address, at a minimum, the coordination of student counting for state funding so that no student is counted for more than one full-time equivalent in the aggregate.

(6) Accountability for student performance:

(a) At minimum, students enrolled in alternative learning experiences shall have their educational performance evaluated according to the following process and schedule:

(i) Each student's educational progress shall be reviewed at least once per month. The progress review shall be based on the learning goals and performance objectives defined in the written student learning plan.

(ii) The progress review shall be conducted by school staff and shall include direct personal contact with the student. If allowed by district policy, direct

personal contact may include the use of telephone, e-mail, instant messaging, interactive video communication, or other means of digital communication. The results of the review shall be communicated to the student and, where possible, the student's parent(s) or guardian.

- (iii) Based on the progress review, school staff shall determine and document whether the student is making satisfactory progress in completing the learning activities and reaching the learning goals and performance objectives defined in the written plan.

(9) Documentation: In accordance with required records retention schedules, a school district claiming state funding for alternative learning experiences shall maintain the following written documentation available for audit:

- (d) The written student learning plans required by subsection (4) of this section, including documentation of required weekly direct personal contact;

- (e) Student progress reviews, evaluations, and assessments required by subsection (6) of this section;

- (f) Student enrollment detail substantiating full-time equivalent enrollment reported to the state, including estimated total hours of participation in educational activities, and any actual documentation of hours of learning for those students failing to make satisfactory progress; and

- (g) Signed parent enrollment disclosure documents required by subsection (3)(e) of this section.

Revised Code of Washington 28A.150.262 Defining full-time equivalent student -- Students receiving instruction through alternative learning experience online programs -- Requirements, states in part:

Under RCW 28A.150.260, the superintendent of public instruction shall revise the definition of a full-time equivalent student to include students who receive instruction through alternative learning experience online programs . . . The rules shall include but not be limited to the following:

- (6) Requiring that supervision, monitoring, assessment, and evaluation of the alternative learning experience online program be provided by a certificated teacher;

- (9) Requiring, for each student receiving instruction . . . a learning plan that includes a description of course objectives and information on the requirements a student must meet to successfully complete the program or courses . . .

- 11) Requiring that each student . . . have direct personal contact with a certificated teacher at least weekly . . . Direct personal contact is for the

purposes of instruction, review of assignments, testing, evaluation of student progress, or other learning activities

Secretary of State Disposition Authority Number GS51-02-03 provides the retention period for enrollment reports:

. . . enrollment reports that generate apportionment funding are 3 years or until completion of audit.

Secretary of State Disposition Authority Number GS51-04-04 and GS51-04-05 provides the retention period for Attendance:

3 years or until completion of State Auditor's examination report

Secretary of State Disposition Authority Number GS51-05F-09 provides the retention period for student locator cards/class schedules:

3 years or until completion of State Auditor's examination report

Washington Administrative Code 392-121-188, Instruction provided under contract, provides in part:

School districts have general authority to contract for the services of individuals to provide instruction, subject to applicable state and federal laws and local collective bargaining agreements. School districts also have authority to enter into interdistrict cooperative agreements for instructional services with other school districts under RCW 28A.225.250. However, when a school district contracts with an entity other than a school district and that entity employs staff to provide basic education instruction claimed by the school district for state basic education funding, the requirements of this section also apply. Instruction provided by such an entity (hereafter called the contractor) may be counted as a course of study and claimed by the school district for state funding if the following requirements are met:

(2) The school district retains full responsibility for compliance with all state and federal laws;

(3) The contractor complies with all relevant state and federal laws that are applicable to the school district;

(17) When a school district contracts for an alternative learning experience program and the contractor exercises primary responsibility for the student's written learning plan, the program shall be for academically at-risk students and shall comply with RCW 28A.150.305. Enrollment in these programs shall be reported pursuant to WAC 392-121-182.



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 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 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 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 Performance 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
Larisa Benson
Jim Brittain, CPA
Jan Jutte, CPA, CGFM
Ivan Dansereau
Mike Murphy
Mindy Chambers
Mary Leider
(360) 902-0370
(866) 902-3900

Website
Subscription Service

www.sao.wa.gov
<https://www.sao.wa.gov/EN/News/Subscriptions/>