



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

## **Accountability Audit Report**

# **Kennewick School District No. 17**

**Benton County**

**For the period September 1, 2016 through August 31, 2017**

**Published May 31, 2018**

**Report No. 1021454**





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

May 31, 2018

Board of Directors  
Kennewick School District No. 17  
Kennewick, 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

## TABLE OF CONTENTS

Audit Results.....	4
Schedule of Audit Findings and Responses.....	6
Related Reports.....	11
Information about the District.....	12
About the State Auditor's Office.....	13

## AUDIT RESULTS

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

As referenced above and described in the attached finding, related to enrollment reporting for the District's Alternative Learning Experience, we identified areas in which the District could make improvements.

We recommended the District prepare written student learning plans, retain monthly progress evaluations and intervention plans for each student and report students only for courses in which they are actively enrolled.

These recommendations were included with our report and in a separate communication as a finding.

### About the audit

This report contains the results of our independent accountability audit of Kennewick School District No. 17 from September 1, 2016 through August 31, 2017.

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, 2017, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Alternative Learning Experience – Legacy Online Academy
- Selected IT security policies, procedures, practices and controls protecting financial systems, IT systems and data

- Tracking of technology inventory such as computers
- Student enrollment reporting at Kennewick High School
- Payroll – gross wage recalculation; including responsibility and overload pay
- Disbursements – credit card activity
- Procurement – public works projects and purchases

## SCHEDULE OF AUDIT FINDINGS AND RESPONSES

### **Kennewick School District Benton County September 1, 2016 through August 31, 2017**

**2017-001 The District lacked adequate controls over enrollment reporting for its Legacy Online Academy alternative learning experience program, resulting in overfunding of \$10,527.**

#### ***Background***

Alternative learning experience (ALE) is an individualized course of study that a school district may claim for basic education funding, provided the district complies with state regulations.

The Office of Superintendent of Public Instruction (OSPI) establishes the rules and provides guidance for reporting ALE enrollment for state funding.

OSPI rules require the District to identify in the written student learning plan (WSLP) the number of hours each student will participate in learning activities. Hours identified in the plans are used to report students for funding. Plans must identify beginning and ending dates; funding may not be claimed for time outside of those dates. Student progress toward planned goals must be evaluated and documented within five days of the month's end. When a monthly evaluation is not conducted or is not conducted on time, funding may not be claimed. When a monthly evaluation indicates unsatisfactory progress, an intervention plan to improve the student's progress must be developed and documented within five days of the evaluation. When an intervention plan is not developed and documented within those five days, funding may not be claimed.

#### ***Description of Condition***

Legacy Online Academy is an online ALE program for students in grades 9-12. The Program reported 42.34 annual average full-time equivalent (AAFTE) students and did not report any non-resident students for funding. The District received a management letter in the 2014-15 school year because it did not retain documentation needed to support enrollment in this ALE program. During our current audit, we found the following issues. The District:

- Did not identify the number of hours each student was expected to participate each week in its WSLPs

- Did not maintain documentation to support monthly progress evaluations for all students each month
- Did not consistently prepare intervention plans within five days when evaluations indicated the student made unsatisfactory progress
- Reported FTE for courses after they had been completed by the student

### ***Cause of Condition***

The District did not have internal controls in place to ensure all ALE requirements were met before claiming students for ALE funding.

### ***Effect of Condition***

The District over-reported 1.65 AAFTE students in the Legacy Online ALE Program, resulting in overfunding of \$10,527.

### ***Recommendations***

We recommend the District:

- Prepare WSLPs that contain all required information, including expected learning hours
- Prepare and retain monthly progress evaluations for students every month
- Prepare and retain intervention plans when monthly progress evaluations indicate unsatisfactory progress
- Report students only for courses in which they are actively enrolled
- Work with OSPI to determine repayment to the State

### ***District's Response***

*The following is the District's corrective action plan to ensure compliance with OSPI established rules and guidance for reporting ALE enrollment for state funding.*

- *The District has modified the WSLP to include running changes to weekly hour expectations and resultant FTE's as modified by Intervention Plans and/or course additions, removals, completions.*
- *The District is implementing use of Intervention Plan forms to indicate type and extent of changes made, along with other strategies that may be incorporated. Will institute a review process of new students after*

*enrollment to provide more timely feedback to students on their work effort and course progress. Intervention Plans are made if determined as necessary as a result of this review.*

- *The District has added a step to the enrollment reporting process that clarifies whether reviews have been completed prior to the enrollment report being compiled. Bi-weekly reviews of student progress have been instituted for all students. Intervention Plans are created as appropriate.*
- *The District had added a review processes to ensure more thorough communication between teacher(s), counselor, and data processor in reporting FTE for courses after they have been completed by the student.*
- *The District will do a more complete review and documentation will be kept as stated above to ensure all ALE requirements are met before claiming students for ALE funding.*
- *The District will work with OSPI to determine repayment to the State.*

### ***Auditor's Remarks***

We thank the District for its cooperation throughout the audit and the steps it is taking to address these concerns. We will review the status of the District's corrective action during our next audit.

### ***Applicable Laws and Regulations***

Washington Administrative Code 392-121-182, Alternative learning experience requirements, states in part:

- (4) Alternative learning experience program requirements . . .
  - (c) The educational progress of each student enrolled in an alternative learning experience must be evaluated at least once each calendar month of enrollment by a certificated teacher or, for students whose written student learning plans include only online classes, school-based support staff in accordance with this section. The results of each evaluation must be communicated to the student or, if the student is in grades K-8, both the student and the student's parent. For students whose written student learning plan includes only online courses, a school-based support staff may communicate the progress evaluation to the student. Educational progress must be evaluated according to the following requirements:

(i) Each student's educational progress evaluation must be based on the learning goals and performance objectives defined in the written student learning plan.

(ii) The evaluation of satisfactory progress must be conducted in a manner consistent with school district or charter school student evaluation or grading procedures, and be based on the professional judgment of a certificated teacher.

(iii) In the event that the monthly evaluation is not completed within the calendar month being evaluated, the evaluation must be completed within five school days of the end of the month. Districts and charter schools must not claim funding for the subsequent month for a student who was not evaluated within that time frame.

(vii) If it is determine that the student failed to make satisfactory progress or that the student failed to follow the written student learning plan, an intervention plan must be developed for the student. An intervention plan is not required if the evaluation is delivered within the last five school days of the school year.

(7) Enrollment reporting procedures: Effective the 2011-12 school year, the full-time equivalency of students enrolled in an alternative learning experience must be determined as follows:

(a) The school district or charter school must use 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:

(ii) On any subsequent monthly count date, the student's full-time equivalent must be based on the estimated average weekly hours of learning activity described in the written student learning plan if:

(A) The student's progress evaluation conducted in the prior calendar month pursuant to subsection (4)(c) of this section indicates satisfactory progress; or

(B) The student's progress evaluation conducted in the prior calendar month pursuant to subsection (4)(c) of this section indicates a lack of satisfactory progress, and an intervention plan designed to improve student progress has been developed, documented, and implemented within five days of the date of the prior month's progress evaluation.

(iii) on any subsequent monthly count date if an intervention plan has not been developed, documented and implemented within five days of the prior month's progress evaluation, the student's full-time equivalent must not be included by the school district or charter school in the subsequent month's enrollment count.

(d) The enrollment count must exclude students who as of the enrollment count date have completed the requirements of the written student learning plan prior to ending date specified in the plan and who have not had a new written student learning plan established with a new beginning and ending date that encompass the count date.

(10) Documentation and record retention requirements: School districts and charter schools claiming state funding for alternative learning experiences must retain all documentation required in this section in accordance with established records retention schedules and must make such documentation available upon request for purposes of state monitoring and audit. School districts and charter schools must maintain the following written documentation:

(d) The written student learning plans required by subsection (4) of this section;

(f) Student progress evaluations and intervention plans required by subsection (4) of this section;

## 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 includes federal findings regarding certification of paraprofessionals and test assessment system security measures. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

### **Other reports**

We have conducted a separate audit to examine the District's compliance with Alternative Learning Experience (ALE) requirements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

## INFORMATION ABOUT THE DISTRICT

Kennewick School District No. 17, located in Benton County, provides educational services to approximately 18,000 students in pre-kindergarten through 12th grade. The District encompasses 292 square miles. The District operates three high schools, an alternative high school, one project based high school, a skills center, five middle schools, 15 elementary schools, a parent partnership, STEM high school and one preschool. In addition, the District also holds classes at the Juvenile Justice Center.

An elected, five-member Board of Directors governs the District. The Board appoints management to oversee the District's daily operations as well as its approximately 2,000 employees. For fiscal year 2017, the District's total expenditures were approximately \$268 million.

<b>Contact information related to this report</b>	
Address:	Kennewick School District No. 17 1000 W. 4th Avenue Kennewick, WA 99336
Contact:	Marty Rose, Fiscal Officer
Telephone:	509-222-7673
Website:	<a href="http://www.ksd.org">www.ksd.org</a>

*Information current as of report publish date.*

### **Audit history**

You can find current and past audit reports for Kennewick School District No. 17 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.

<b>Contact information for the State Auditor's Office</b>	
<b>Public Records requests</b>	<a href="mailto:PublicRecords@sao.wa.gov">PublicRecords@sao.wa.gov</a>
<b>Main telephone</b>	(360) 902-0370
<b>Toll-free Citizen Hotline</b>	(866) 902-3900
<b>Website</b>	<a href="http://www.sao.wa.gov">www.sao.wa.gov</a>