

Washington State Auditor's Office
Accountability Audit Report

Wapato School District No. 207
Yakima County

Report Date
July 17, 2006

Report No. 71546

Issue Date
October 6, 2006



Washington _____
State Auditor

Brian Sonntag



**Washington State Auditor
Brian Sonntag**

October 6, 2006

Board of Directors
Wapato School District No. 207
Wapato, Washington

Report on Accountability for Public Resources

Please find attached our report on Wapato School District No. 207's accountability for public resources and compliance with state laws and regulations and its own policies and procedures.

In addition to this work, we also audit the District's financial statements and compliance with federal laws and regulations. The results of that audit will be included in a separately issued audit report.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

Table of Contents

Wapato School District No. 207
Yakima County
July 17, 2006

| | |
|-----------------------------------|---|
| Audit Summary..... | 1 |
| Description of the District | 2 |
| Audit Areas Examined..... | 3 |
| Schedule of Audit Findings | 4 |

Audit Summary

Wapato School District No. 207 Yakima County July 17, 2006

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of Wapato School District No. 207.

We performed audit procedures to determine whether the District complied with state laws and regulations and its own policies and procedures. We also examined District management's accountability for public resources. Our work focused on specific areas that have potential for abuse and misuse of public resources.

Areas examined during the audit were selected using financial transactions from September 1, 2003, through August 31, 2005.

RESULTS

In most areas that we examined, the District complied with state laws and regulations and its own policies and procedures. Internal controls were adequate to safeguard public assets. However, we identified a condition significant enough to report as a finding. In addition, we noted certain issues that we communicated to District's management.

RELATED REPORTS

Our opinion on the District's financial statements and compliance with federal program requirements is provided in a separate report, which includes the District's financial statements.

CLOSING REMARKS

We thank District officials and personnel for their assistance and cooperation during the audit.

Description of the District

Wapato School District No. 207 Yakima County July 17, 2006

ABOUT THE DISTRICT

Wapato School District No. 207 serves approximately 3,200 students in Yakima County. It is administered by five elected Board Members. The District provides a full range of school programs and services including pre-school, basic elementary, middle school, high school, vocational, Running Start, bilingual and special education. The District also has an alternative school for grades five through 12. The District provides pupil transportation, school breakfast and lunch, and numerous programs for remedial and enriched education. The District operates on a \$27.5 million annual budget. A staff of approximately 400 provides services to students at six buildings.

AUDIT HISTORY

We typically audit the District every two years, performing an annual audit only if the District spends \$500,000 or more in federal money in one year. We reported one federal finding in the fiscal year 2001 audit and one in the fiscal year 2002 audit. These findings have been resolved.

ELECTED OFFICIALS

These officials served during the audit period:

Board of Directors:
President

Cathy Kehm
Joanne Estes
Ron Wilcox
Becky Cordova
Chris Klebaum

Note: James Cole was replaced by Cathy Kehm in 2005.

APPOINTED OFFICIALS

Superintendent
Business Manager
District Attorney

Art Edgerly
Angela Watts
Jeanie Tolcacher, Lyon Law Offices

ADDRESS

District

P.O. Box 38
Wapato, WA 98951
(509) 877-4181
(509) 877-6077 (fax)

Audit Areas Examined

Wapato School District No. 207 Yakima County July 17, 2006

In keeping with general auditing practices, we do not examine every portion of Wapato School District No. 207's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the District were examined during this audit period:

ACCOUNTABILITY FOR PUBLIC RESOURCES

We evaluated the District's accountability in the following areas:

- Cash receipting
- Payroll
- Purchasing and payments
- Advance travel usage
- Associated Student Body fundraising

We audited the following areas for compliance with certain applicable state and local laws and regulations:

- Open Public Meetings Act
- Conflict of interest
- Procurement card use
- Student enrollment reporting
- Student transportation ridership reporting
- Teacher education and experience (staff mix) reporting

FEDERAL PROGRAMS

We evaluated internal controls and tested compliance with 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.

FINANCIAL AREAS

Our opinion on the District's financial statements is provided in a separate report. That report includes the District's financial statements and other required financial information. We examined the financial activity and balances of the District including:

- Cash and investments
- Taxes receivable
- Equity
- Revenues
- Expenditures
- General ledger/journal entries
- Schedule of Long-Term Debt
- Schedule of Expenditures of Federal Awards
- Overall presentation of the financial statements

Schedule of Audit Findings

Wapato School District No. 207 Yakima County July 17, 2006

1. Wapato School District No. 207 lacked adequate controls over enrollment reporting.

Background

The Office of Superintendent of Public Instruction establishes the rules and provides instructions on how school districts should report enrollment for state funding. These rules require that only students who participate in one of the first four days of September may be counted for funding.

In the 2005 and 2004 school years, the District reported 3,219 and 3,250 students, respectively, and received approximately \$13.2 million and \$13.3 million in combined state enrollment and staff mix funding.

Description of Condition

The District counted students for state funding, in September and October of 2003 and 2004, who were not enrolled in the District. Although the students had been enrolled in the District in the previous year, they did not return to the District in the years under audit. Districts are supposed to ensure all students counted in the month of September participated one of the first four days of school year. The District did not properly take attendance, retain attendance records or otherwise ensure students actually participated during this time. In addition, students who were scheduled less than full time were not being reported in accordance with regulations.

Cause of Condition

The District did not have procedures in place to ensure only eligible students were reported as enrolled.

Effect of Condition

The District over-reported enrollment by 67 students in 2004 and 5.43 students in 2005.

Recommendation

We recommend the District establish and follow controls to ensure:

- It reports only those students who participated one of the first four days of September.
- Enrollment and attendance reports are generated on count dates.
- All documentation necessary to support enrollment counts is retained for a minimum of three years:
 - Accurate enrollment and withdrawal records are maintained.
 - Attendance records are maintained.
- Calculate the number of students based on actual time in the classroom.

District's Response

The District has implemented procedures and provided training to the appropriate staff to ensure compliance with the Office of Superintendent of Public Instruction's rules and instructions for reporting enrollment and to ensure adequate records are maintained.

Auditor's Remarks

We thank the District for its cooperation and assistance during the audit and look forward to reviewing the District's corrective action during our next audit.

Applicable Laws and Regulations

Washington Administrative Code (WAC) 392-121-106 provides the definition of an enrolled student and identifies the requirement for attending one of the first four days of September:

(4) Actually participated on a school day during the first four school days of the current school term, or on a school day during the current school term on or prior to the date being counted

Washington Administrative Code (WAC) 392-121-122 provides the definition of a full-time equivalent student and minimum hours necessary to be counted as a full-time student:

. . . hours . . . inclusive of class periods and normal class change passing time, but exclusive of noon intermissions:

(1) The minimum hours for each grade . . .

(e) Secondary (grades 7 through 12): 25 hours each week . . .

(2) A student enrolled for less than the minimum hours . . . shall be counted as a partial full-time equivalent student equal to the student's hours of enrollment divided by the minimum hours for the student's grade level

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

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

Secretary of State Disposition Authority Number GS51-04-04 provides the retention period for attendance data:

. . . attendance reports that support enrollment reports is 3 years.