



Office of the Washington State Auditor
Pat McCarthy

Special Report
Alternative Learning Experience
Toppenish School District No. 202
Yakima County

For the period September 1, 2015 through August 31, 2016

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Office of the Washington State Auditor
Pat McCarthy

August 31, 2017

Board of Directors
Toppenish School District No. 202
Toppenish, Washington

Report on Alternative Learning Experience

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 report on the District's compliance with alternative learning experience enrollment reporting rules. Our independent audit report describes the overall results and conclusions for 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 SUMMARY

Results in brief

District operations complied with applicable state laws and regulations and its own policies and procedures regarding alternative learning experience (ALE) enrollment. For the year ending August 31, 2016, the District received approximately \$25.4 million in combined enrollment and staff mix funding; approximately \$3.27 million of this was related to its ALE programs.

- Computer Academy of Toppenish Schools (CATS) – The program reported 106.54 average annual full-time equivalent (AAFTE). Our audit of this program tested 6.53 AAFTE (eight students) and found a net .03 AAFTE over-reported. Enrollment reporting errors occurred when a student was reported the month following withdrawal from the program and because a student was not reported for all the hours identified in the learning plan.

We estimate the program was over-funded about \$189 based on our testing.

- Red Comet – The program reported 92.45 AAFTE. Our audit of this program tested 1.62 AAFTE (ten students) and found .12 AAFTE over-reported. Enrollment reporting errors included reporting students after withdrawing from the program, not completing intervention plan when monthly progress was determined unsatisfactory and reporting students the month following course completion noted on student transcripts.

We estimate the program was over-funded about \$757 based on our testing.

- Northwest Allprep – The program reported 250.7 AAFTE. Procedures performed over this program were limited to considering internal controls the District has in place to assure compliance with reporting requirements. Nothing came to our attention to cause us to believe the District did not comply with reporting requirements.

About alternative learning experience programs

ALE programs are a form of basic K-12 public school education in Washington State. While students in traditional basic education attend classes on campus and have face-to-face contact with teachers and other staff, ALE students may spend most, or even all, of their time outside of a regular classroom setting.

Districts may build Internet-based educational programs that enroll students from anywhere in the state. Besides Internet programs, ALE can be accomplished through a contract between a student and district instructors, or through a parent-partner program in which parents participate in the design and teaching of the student's courses. These programs are different from

homeschooling in that students remain part of the public school system and districts claiming funding are responsible for supervision, monitoring, assessing and evaluating the student's education.

Districts may count ALE students for funding when they report enrollment to the Office of Superintendent of Public Instruction (OSPI). In order to claim ALE students for funding, ALE programs must satisfy OSPI's requirement for courses of study leading to a high school diploma. Districts must prepare detailed plans for each student, maintain regular contact with students, and evaluate student progress on a monthly basis. Districts must also keep detailed records to show they have met all of these requirements.

During the period under review, the District operated three ALE programs, which accounted for 12.8 percent of its total basic student enrollment:

- Computer Academy of Toppenish Schools (CATS) is an online program for students in grades 6-12. The program has operated for ten years and non-resident students represent 26.7 percent of the program's total enrollment.
- Red Comet is an online program for students in grades 6-12. The program has operated cooperatively with Toppenish School District for three years and is an OSPI approved provider. Non-resident students represent 99.9 percent of the program's total enrollment.
- Northwest Allprep is an online learning program for students in grades 3-12. The program has operated cooperatively with Toppenish School District for eight years and is an OSPI approved provider. Non-resident students represent 99.5 percent of the program's total enrollment.

About the audit

Per RCW 28A.232.010, school districts must receive biennial audits of their ALE program. This report contains the results of our independent audit of ALE enrollment at Toppenish School District No. 202 from September 1, 2015 through August 31, 2016.

Management is responsible for ensuring compliance with applicable ALE requirements. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

Our audit involved performing procedures to obtain evidence about the District's compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters, with regard to its ALE program.

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.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Toppenish School District No. 202
Yakima County
September 1, 2015 through August 31, 2016

This schedule presents the status of findings reported in prior audit periods. The status listed below is the representation of Toppenish School District No. 202. The State Auditor's Office has reviewed the status as presented by the District.

Audit Period: September 1, 2013 through August 31, 2014	Report Ref. No: 1014023	Finding Ref. No: 2014-001				
Finding Caption: The Toppenish School District did not ensure compliance with ALE requirements for students served at Skylar Education Academy, resulting in over-funding of \$780,738.						
Background: Alternative Learning Experience (ALE) is an individualized course of study that school district's may claim for basic education funding, provided the district complies with state regulations. The Office of Superintendent of Public Instruction (OSPI) establishes rules and provides instructions on ALE enrollment reporting for state funding. In the 2013 school year, the District received approximately \$21.4 million based on student enrollment and the education and experience of its teachers. Nearly \$2.7 million was attributed to reported ALE enrollment. Of this amount, Skylar Education Academy received \$780,738. Skylar Education Academy is an accredited school that accepts high school students, ages 14-20. The District has a Services Agreement with Skylar Education Academy for the operation of a distance education program. The agreement indicates Skylar Education Academy will be paid 50 percent of the actual FTE allotment received by Toppenish School District.						
Status of Corrective Action: <table style="width: 100%;"><tr><td style="width: 25%;"><input checked="checked" type="checkbox"/> Fully Corrected</td><td style="width: 25%;"><input type="checkbox"/> Partially Corrected</td><td style="width: 25%;"><input type="checkbox"/> Not Corrected</td><td style="width: 25%;"><input type="checkbox"/> Finding is considered no longer valid</td></tr></table>			<input checked="checked" type="checkbox"/> Fully Corrected	<input type="checkbox"/> Partially Corrected	<input type="checkbox"/> Not Corrected	<input type="checkbox"/> Finding is considered no longer valid
<input checked="checked" type="checkbox"/> Fully Corrected	<input type="checkbox"/> Partially Corrected	<input type="checkbox"/> Not Corrected	<input type="checkbox"/> Finding is considered no longer valid			
Corrective Action Taken: <i>The District discontinued their Services Agreement with Skylar Education Academy.</i>						

INFORMATION ABOUT THE DISTRICT

Toppenish School District No. 202 provides educational services to approximately 4,400 students in kindergarten through 12th grade in Yakima County. Services include a full range of school programs including basic elementary, middle school, high school, vocational education, alternative schools, bilingual education, pupil transportation, food services, special education and numerous special programs for remedial and enriched education.

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 450 employees. For fiscal year 2016, the District had an annual operating budget of approximately \$45 million.

Contact information related to this report

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Contact:	David Andrews, Business Manager
Website:	www.toppenish.wednet.edu

Audit history

You can find current and past audit reports for the District 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.

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