

**SCHEDULE OF FEDERAL AWARD FINDINGS AND  
QUESTIONED COSTS**

**Renton School District No. 403  
September 1, 2017 through August 31, 2018**

**2018-001    The District did not have adequate internal controls to ensure compliance with Title I grant requirements for high school graduation rate reporting.**

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| <b>CFDA Number and Title:</b>              | 84.010 – Title I Grants to Local Educational Agencies |
| <b>Federal Grantor Name:</b>               | U.S. Department of Education                          |
| <b>Federal Award/Contract Number:</b>      | N/A   |
| <b>Pass-through Entity Name:</b>           | Office of Superintendent of Public Instruction (OSPI) |
| <b>Pass-through Award/Contract Number:</b> | 202652, 263243  |
| <b>Questioned Cost Amount:</b>             | \$0   |

***Description of Condition***

The federal Title I program’s objective is to improve the teaching and learning of children who are at risk of not meeting challenging academic standards and who reside in areas with high concentrations of children from low-income families. During fiscal year 2018, the District spent \$3,333,367 in Title I program funds.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Districts must report graduation-rate data for all public high schools to the Office of Superintendent of Public Instruction (OSPI) annually. This is done by submitting a graduation-rate report that indicates the student’s enrollment status as graduated, transferred out, dropped out, migrated to another country, or deceased. The District must keep adequate support to demonstrate how it classifies a student’s enrollment status. To confirm a student transferred out, the District must have official written documentation that the student enrolled in another school or in an education program that culminates in the award of a regular high school diploma.

The District's controls were not effective to ensure it was properly classifying students as confirmed transfers, and its process did not include verifying and maintaining documentation.

We consider this internal control deficiency to be a material weakness.

This issue was not reported as a finding in the prior audit.

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

District personnel were unaware they needed to obtain Declarations of Intent to Home School for students older than 18 years. Further, District personnel were not obtaining official documentation to support the confirmed transfer status of the students.

### ***Effect of Condition and Questioned Costs***

Our audit found the District did not have evidence to support the confirmed transfer status for five out of the 21 confirmed transfer students tested.

By not keeping proper documentation, the District cannot ensure it provided accurate reports to OSPI. Additionally, the District is at risk of incorrectly calculating its graduation rates.

We did not identify any questioned costs associated with this compliance requirement.

### ***Recommendation***

We recommend the District ensure it is obtaining and keeping official documentation to confirm students who transfer out of the District are properly classified.

### ***Districts' Response***

*The Renton School District recognizes the need for controls to ensure the District is obtaining and retaining Declarations of Intent to Home School for students older than 18 years of age.*

*The District will provide annual communication to building principals and registrars advising them of the requirement to obtain and retain for any 18-year-old or older student an intent to home school with the District. Declarations of Intent to Home School will be retained in the District's student file.*

*The District will ensure it is maintaining supporting documentation of all students classified as confirmed transfers. If the family/student refuses to file a Declaration*

*of Intent, the student will be coded as an unconfirmed transfer per Office of the Superintendent of Public Instruction (OSPI) guidance.*

### ***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 corrective action taken during the next audit.

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

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statement on Auditing Standards*, section 935, Compliance Audits, paragraph 11.

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 516 Audit findings, establishes reporting requirements for audit findings.

Title 2 CFR Part 200, Uniform Guidance, section 303 Internal controls, describes the requirements for auditees to maintain internal controls over federal programs and comply with federal program requirements.

Title 34 CFR Part 200, *Title I – Improving the Academic Achievement of the Disadvantaged*, Subpart A – *Improving Basic Programs Operated by Local Educational Agencies*, Section 34, High School Graduation Rates, discusses requirements for reporting cohort graduation rates and how changes in student status are classified.

Title 34 CFR Part 200, *Subpart A – Improving Basic Programs Operated by Local Educational Agencies*, Section 200.19 – Other academic indicators – establishes the requirement for Districts to have official written documentation to confirm a student transferred out.

*Comprehensive Education Data and Research System (CEDARS) Reporting Guidance* version 10.1 describes requirements for reporting cohort graduation rates and how changes in student status are classified.