

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

**Bellevue School District No. 405
September 1, 2017 through August 31, 2018**

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

CFDA Number and Title:	84.010 – Title I Grants to Local Educational Agencies
Federal Grantor Name:	U.S. Department of Education
Federal Award/Contract Number:	N/A
Pass-through Entity Name:	Office of Superintendent of Public Instruction (OSPI)
Pass-through Award/Contract Number:	202733
Questioned Cost Amount:	\$0

Background

The objective of the Title I program is to improve the teaching and learning of children who are at risk of not meeting state academic standards and who reside in areas with high concentrations of children from low-income families. During fiscal year 2018, the District spent \$1,446,099 in Title I grant 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.

Description of Condition

Annually, the District must report graduation-rate data to the Office of Superintendent of Public Instruction (OSPI) for all of its public high schools. To do this, the District submits a graduation-rate report indicating each student’s enrollment status as either graduated, transferred out, dropped out, migrated to another country, or deceased. The District must retain adequate support to demonstrate how it classifies a student’s enrollment status. To confirm a student as

transferred out, the District must have official 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 adequate to ensure compliance with the Title I graduation reporting requirements. The District did not retain official documentation to support the classification of students reported as having transferred out of the District.

We consider this control deficiency to be a material weakness.

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

Cause of Condition

The District's review of graduation-rate data was not adequate to ensure the classification of students' enrollment status was supported by official written records. The District marked students as transferred before receiving documentation to support the status and did not verify or confirm the status at a later time. In addition, the District Office and school buildings did not have a clear understanding of where transfer documentation should be kept.

Effect of Condition

The District did not have documentation to support three of 19 students reported as having transferred out of the District. Without adequate documentation to support the student enrollment status, the District cannot demonstrate it complied with program requirements and cannot ensure it submitted accurate reports to OSPI. Further, this increases the risk that the District incorrectly calculated graduation rates.

Recommendation

We recommend the District establish and follow policies and procedures to ensure adequate documentation is obtained to support the enrollment status of all students reported as "transferred out" in the graduation-rate report submitted to OSPI.

District's Response

The District is revising its business processes to ensure that all documentation is retained when a transfer code is entered for students who are no longer enrolled in the District as well as a method to monitor that this process is being followed.

Auditor's Remarks

We appreciate the District's commitment to resolve this finding and thank the District for its cooperation and assistance during the audit. We will review the corrective action taken during our next regular audit.

Applicable Laws and Regulations

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, 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 non-Federal entities 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 the 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 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.