



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

**Accountability Audit Report**  
**Seattle School District No. 1**

**For the period September 1, 2018 through August 31, 2019**

**Published May 28, 2020**

**Report No. 1026327**





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

May 28, 2020

Superintendent and Board of Directors  
Seattle School District No. 1  
Seattle, Washington

**Report on Accountability**

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor 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.

Attached is 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

***Americans with Disabilities***

*In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at [webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov).*

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## AUDIT RESULTS

### Results in brief

This report describes the overall results and conclusions for the areas we examined. In those selected areas, District operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

### About the audit

This report contains the results of our independent accountability audit of Seattle School District No. 1 from September 1, 2018 through August 31, 2019.

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 obtaining 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. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the year ended August 31, 2019, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Professional Learning – review of state funding expended for professional days
- Electronic Funds Transfers – vendor and employee payments through electronic fund transfers
- Self-Insurance – review health and welfare, workers compensation and unemployment compensation programs
- Local Revenue Sub-Fund – review established fund and recorded revenues and expenditures

- School support organizations – follow up on the monitoring of a school support organization
- Procurement – compliance with state bid law and district policy when purchasing instructional materials
- Basic Enrollment – compliance with reporting requirements
- Alternative Learning Experience – follow-up on compliance with ALE requirements



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### Seattle School District No. 1 September 1, 2018 through August 31, 2019

This schedule presents the status of findings reported in prior audit periods.

<b>Audit Period:</b> September 1, 2017 through August 31, 2018	<b>Report Ref. No.:</b> 1023788	<b>Finding Ref. No.:</b> 2018-001
<b>Finding Caption:</b> Seattle School District lacked monitoring controls to ensure established school support organization policies were followed, resulting in a potential District liability for the actions of support organizations.		
<b>Background:</b> The District did not have monitoring controls in place to ensure the Thornton Creek Parent Group conducted activities in accordance with established District policies and procedures. Further, the District did not have an agreement with the Parent Group with clearly defined roles and responsibilities of both parties. This led to questionable activities by the Parent Group related to: <ul style="list-style-type: none"> <li>• Hiring of school staff assistants</li> <li>• Parent Group bookkeeping</li> <li>• Classroom fees</li> <li>• Field trips</li> <li>• Fundraising events</li> <li>• Gift cards</li> </ul>		

**Status of Corrective Action: (check one)**

Fully Corrected     
 Partially Corrected     
 Not Corrected     
 Finding is considered no longer valid

**Corrective Action Taken:**

*Central office district staff, including the Chief Finance Office, Legal, and Accounting staff, met with both the Thornton Creek building staff and the parent group to discuss details of the finding. In the meeting, the finding information for each bulleted section was discussed, district policies and procedures were handed out and reviewed with expectations that they be followed, and questions from both staff and parents were answered.*

*In addition, follow up training was provided by the Audit Response Manager with both the administrative secretary and the nutrition services employee on proper cash handling.*

<b>Audit Period:</b> 2016-2017	<b>Report Ref. No.:</b> 1021501	<b>Finding Ref. No.:</b> 2017-001
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**Finding Caption:**

The District lacked adequate controls over enrollment reporting for its Middle College High School alternative learning experience program, resulting in overfunding of \$13,826 in fiscal year 2017.

**Background:**

The district did not consistently:

- Develop Written Student Learning Plans (WSLPs) for any students before counting students for funding in September and October.
- Support claimed FTE with documented learning hours once plans were developed for the months of November through June.
- Document monthly progress evaluations nor document determination of satisfactory or unsatisfactory progress
- Develop and maintain intervention plans for some months when unsatisfactory progress was indicated by grades, or in some cases did not complete intervention plan within five days of the progress evaluation
- Remove all students from enrollment count who had withdrawn from the program.
- Obtain parents signed statement of understanding of the difference between ALE and home-based instruction for all students.
- Correctly report as basic enrollment, rather than ALE enrollment, courses taken at other schools when students attend more than one school or program

**Status of Corrective Action: (check one)**

Fully Corrected       Partially Corrected       No Corrective Action Taken       Finding is considered no longer valid

**Corrective Action Taken:**

*The District provided additional training to Middle College High School related to the compliance and enrollment reporting requirements for claiming Alternative Learning Experience program students.*



## 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 programs, which are listed in the Schedule of Findings and Questioned Costs section of the separate financial statement and single audit report. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

## INFORMATION ABOUT THE DISTRICT

Seattle School District No. 1 serves more than 52,000 students and operates 10 high schools, 12 middle schools, 2 K-8 schools, 58 elementary schools, 15 option schools, and 7 option schools with continuous enrollment and service schools.

District activities are monitored by an elected, seven-member Board of Directors. The Board oversees the governance of the District and appoints a Superintendent to oversee the District's operations. The District expended about \$913 million in its general fund during the 2018-2019 school year.

<b>Contact information related to this report</b>	
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*Information current as of report publish date.*

### **Audit history**

You can find current and past audit reports for Seattle School District No. 1 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>	(564) 999-0950
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