



Office of the Washington State Auditor  
Pat McCarthy

## **Accountability Audit Report**

# **Port Angeles School District No. 121**

**For the period September 1, 2017 through August 31, 2020**

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

August 16, 2021

Board of Directors  
Port Angeles School District No. 121  
Port Angeles, 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 value your cooperation during the audit.

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

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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 Port Angeles School District No. 121 from September 1, 2017 through August 31, 2020.

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 Washington State Auditor to examine the financial affairs of all local governments. Our audit involved obtaining evidence about the District's use 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 years ended August 31, 2020, 2019 and 2018, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Establishment of local revenue and expenditure accounts
- Use of restricted funds – professional learning and local revenues
- Accounts payable – general disbursements, credit cards, and electronic funds transfers
- Tracking and monitoring of theft sensitive assets, such as computers, tools, and equipment
- Associated Student Body activities at Port Angeles High School and Stevens Middle School – fundraisers
- Student enrollment reporting – Alternative Learning Experience



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*Board of Directors • Katie Marks • Cindy Kelly • Jacob Wright • Dr. Sandra Long • Sarah Methner*

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### Port Angeles School District No. 121 September 1, 2017 through August 31, 2020

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

Audit Period:	Report Ref. No.:	Finding Ref. No.:
September 1, 2015 through August 31, 2016	1019707	2016-001
<b>Finding Caption:</b> The District lacked adequate controls over enrollment reporting for its Information Technology and Digital Learning Department alternative learning experience programs, resulting in overfunding of \$89,634.		
<b>Background:</b> <p>Alternative learning experience (ALE) is an individualized course of study that school districts may claim for basic education funding provided the district complies with state regulations. The Office of Superintendent of Public Instruction (OSPI) establishes the rules and provides instructions for reporting ALE enrollment for state funding. OSPI rules require the District to identify the number of hours each student will participate in learning activities in each written student learning plan (WSLP). The hours identified in the plans are used as the basis to report students for funding. Plans must identify beginning and ending dates, and students may not be claimed for funding outside of those dates. Plans must also be signed and dated by certificated staff as evidence of approval. Student progress toward planned goals must be assessed on a monthly basis, and students may not be reported in the following month when an evaluation is not conducted. In addition, districts must obtain a signed statement from each parent certifying they understand the difference between ALE and home-based instruction. Without these signed statements, the District may report the students only for the first 30 calendar days enrolled. The District must retain documentation for five years.</p>		
<b>Description of Condition:</b> <p><u>Information Technology</u> was an online program serving students in grades nine through 12. Students were online for most of their courses. The program operated for 2.5 years, and non-resident students represented 35 percent of students reported for funding. The program was closed in January 2017. During our audit, we found:</p>		

- The program documentation lacked most of the minimum requirements for claiming funding under ALE. Specifically:
  - WSLPs did not contain:
    - Beginning and ending plan dates
    - Expected learning hours
    - Identification of classes
    - Name of approving certificated instructor
    - Date of WSLP approval
  - Monthly Progress reviews were not documented
  - No Statement of Understanding was available
  - Non-Resident Release form was not available
- The District lacked control over the program documentation
  - Program documentation was maintained at the former instructor's home and was not returned to the district when the program ended. An undetermined amount of the program documentation was subsequently destroyed by the former instructor.

Digital Learning Department is an online program serving students in grades nine through 12. Students are online for most of their courses. The program has operated for 13 years and did not report any non-resident students for funding.

During our audit, we found:

- WSLPs identified five to seven hours of student learning activities a week, but students were claimed at 1.0 full-time equivalents (FTE), or 25 hours a week.
- The District lacked control over the program documentation, which is maintained at several locations, some not accessible to the district.

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

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

**Corrective Action Taken:**

*This program was a part of the North Olympic Skills Center operated by the Port Angeles School District. The Skills Center was closed in 2017.*

*The ALE program currently being ran by the Port Angeles School District is located out of one building. Students participating in the ALE program are attending Lincoln HS. All WSLP documents are maintained and kept on file at Lincoln HS. Student FTE is tracked by spreadsheet and reviewed by the director to ensure accuracy and proper claiming.*

## 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

Port Angeles School District No. 121 provides educational services to approximately 3,700 students in kindergarten through 12th grade in Clallam County. The District provides a full range of school programs and services including basic elementary, middle school, high school, vocational education, alternative education, bilingual education, highly capable in elementary school, pupil transportation and food services. The District operates five elementary schools, one middle school, one high school and an alternative high school.

An elected, five-member Board of Directors governs the District. Board Members serve staggered, four-year terms. The Board appoints a Superintendent to oversee the District's daily operations as well as its approximately 275 certificated and 190 classified employees. In the 2019-2020 school year, the District operated on an annual budget of approximately \$55 million.

### Contact information related to this report

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*Information current as of report publish date.*

### Audit history

You can find current and past audit reports for Port Angeles School District No. 121 at <http://portal.sao.wa.gov/ReportSearch>.



## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, [www.sao.wa.gov](http://www.sao.wa.gov). Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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