



Office of the Washington State Auditor  
Pat McCarthy

## **Accountability Audit Report**

# **WA HE LUT Indian School**

**For the period September 1, 2019 through August 31, 2021**

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

February 6, 2023

Board of Directors  
WA HE LUT Indian School  
Olympia, 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 State-Tribal Education Compact Schools 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 State-Tribal Education Compact School'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

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## AUDIT RESULTS

### Results in brief

This report describes the overall results and conclusions for the areas we examined. In most of the areas we examined, State-Tribal Education Compact School operations complied, in all material respects, with applicable state laws, regulations, or its own policies. Additionally, the State-Tribal Education Compact Schools provided adequate controls over safeguarding of public resources.

As referenced above, we identified areas where the State-Tribal Education Compact School could make improvements. These recommendations are included with our report as a finding.

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 the WA HE LUT Indian School from September 1, 2019 through August 31, 2021.

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 State-Tribal Education Compact School'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, 2021 and 2020, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Payroll – gross wages, overtime, bonus and incentive payments
- Payroll direct deposits – evaluate design of controls
- Compliance with supplemental contracts for enrichment activities
- Student enrollment reporting – basic education and special education
- Use of restricted funds – professional learning and local revenue for enrichment activities
- Banking activity – separation of private and public funds

## SCHEDULE OF AUDIT FINDINGS AND RESPONSES

### **Wa He Lut Indian School September 1, 2019 through August 31, 2021**

#### **2021-001 Wa He Lut Indian School's internal controls were inadequate for ensuring accurate special education enrollment reporting.**

##### ***Background***

In Washington state public school districts, charter public schools, and state-tribal education compact schools are funded based, in part, on the student enrollment figures they report to the Office of Superintendent of Public Instruction (OSPI). OSPI publishes its *Enrollment Reporting Handbook* annually, which establishes rules and guidance on special education enrollment reporting for state funding.

For schools to report students for special education funding, they must be enrolled, have current individualized education programs (IEPs), have current evaluations, and must have received special education services on or before the count date. Special education enrollment is reported for students who meet these criteria as of the count date in any specific month. Schools are required to keep documentation supporting their reported special education enrollment claimed for funding.

In the 2020-2021 school year, the Wa He Lut Indian School received \$155,836 in state funding based on its reported special education enrollment. On average, the School enrolled 18 special education students for the 2020-2021 school year.

##### ***Description of Condition***

During our audit, we found that documentation in the School's student files was inconsistent or incomplete. Specifically, student evaluations did not always contain signature pages, documentation was missing showing that required communications occurred with parents, and current IEPs were not included in three students' files.

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

The School experienced turnover in the Special Education Director position three times in the last three years. The School did not have internal controls in place to ensure the special education enrollment counts it reported to OSPI were accurate, and that staff kept required supporting documentation for the reported enrollment.

### ***Effect of Condition***

For the 2020-2021 school year, the School over-reported 70 of the 163 student count months. This resulted in the School being overfunded for its 2020-2021 special education enrollment.

By not keeping supporting documentation, the School cannot demonstrate compliance with enrollment reporting requirements and cannot ensure it has provided accurate student counts to OSPI.

### ***Recommendation***

We recommend the School implement internal controls over special education enrollment reporting to ensure student files are complete and only eligible students are reported for funding.

Additionally, we recommend the School work with OSPI to determine if repayment of apportionment funding is necessary for the months where student files did not contain required documentation.

### ***Tribal School's Response***

*WA HE LUT Indian School will implement the internal controls outlined below to ensure that special education enrollment reporting is accurate, files are complete, and only eligible students are reported for funding.*

- 1. The Superintendent will conduct a monthly meeting with the Special Education Teacher and State Compliance Officer to ensure that all files are comprehensive and correct in accordance with State and Federal Law.*
- 2. The P223 report will be reviewed by the Special Education Teacher, State Compliance Officer, and Superintendent prior to submission.*
- 3. The school will devise a procedure/process to ensure that special education files are reviewed periodically, supporting documentation is maintained, and students are progressing towards their annual IEP goals.*
- 4. WA HE LUT Indian School will fully cooperate with the State Auditor's Office and the Office of the Superintendent of Public Instruction to identify all unallowable apportionment funding that the school received for the 2020-2021 school year.*

### ***Auditor's Remarks***

We thank the WA HE LUT Indian School for its cooperation and assistance throughout the audit and for the steps it is taking to address the concerns. We will review the status of the WA HE LUT Indian School's corrective actions during our next audit.

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

WAC 392-172A-03105 – When IEPs must be in effect.

WAC 392-121-108 – Definition – Enrollment exclusions.

WAC 392-172A-3035(f) – Evaluation report.

*Enrollment Reporting Handbook, 2020-2021 School Year*

## INFORMATION ABOUT THE STATE-TRIBAL EDUCATION COMPACT SCHOOLS

Wa He Lut Indian School 34901 established under RCW 28A. 715.010, opened September 2017 as a Washington State-Tribal Education Compact School, located in Thurston County. For school years 2019-2020 and 2020-2021, the Wa He Lut Indian School served about 136 and 140 students in grades K-8. Wa He Lut Indian School operates a single K-8 school, which includes elementary and middle school programs.

The school received about \$1.8 and \$1.6 million in direct state funding for fiscal years 2020 and 2021. As a sovereign nation, Wa He Lut Indian School Board has the ultimate control over the educational needs of the students attending Wa He Lut Indian School.

### 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 the WA HE LUT Indian School 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.

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