



Office of the Washington State Auditor  
Pat McCarthy

## **Accountability Audit Report**

# **Rochester School District No. 401**

**For the period September 1, 2020 through August 31, 2023**

*Published July 29, 2024*

Report No. 1035258



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

July 29, 2024

Board of Directors  
Rochester School District No. 401  
Rochester, 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

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*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.

However, we noted certain matters related to Associated Student Body (ASB) fundraisers and procurement that we communicated to District management and the Board of Directors in a letter dated July 19, 2024. We appreciate the District's commitment to resolving those matters.

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 Rochester School District No. 401 from September 1, 2020 through August 31, 2023.

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, 2023, 2022 and 2021, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Associated Student Body activities – fundraisers
- Procurement – public works and purchasing exemptions
- Use of restricted funds – professional learning and local revenue for enrichment activities
- Compliance with supplemental contracts for enrichment activities
- Accounts payable – general disbursements

- Payroll – leave balances, leave accruals, and leave cash outs
- Open public meetings – compliance with minutes, meetings and executive session requirements
- Financial condition – reviewing for indications of financial distress



## ROCHESTER SCHOOL DISTRICT NO. 401

10140 Hwy 12 SW, Rochester, WA 98579 (360) 273-5536 FAX (360) 273-5547

Board of Directors: *Thomas Trott | Michael Langer | Susie Hawes | Grant Rodeheaver | Neil Turner*

Superintendent *Dr. Jennifer Bethman* | Director of Curriculum & Technology *Justin J. Black* | Business Manager *Jill Pratt*

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

#### Rochester School District No. 401

September 1, 2020 through August 31, 2023

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

<b>Audit Period:</b> September 1, 2018 through August 31, 2020	<b>Report Ref. No.:</b> 1028215	<b>Finding Ref. No.:</b> 2020-001
<b>Finding Caption:</b> The District's internal controls are inadequate to ensure accurate enrollment reporting for skill center students.		
<b>Background:</b> The Office of the Superintendent of Public Instruction (OSPI) establishes the rules and provides instructions on how school districts may contract with other entities for basic enrollment education and how to report basic enrollment for state funding. Rochester School District participates as a member of the New Market Skills Center (Center) to provide classes for their students. The Center calculates reportable enrollment of students in these programs and includes these counts in its enrollment numbers submitted to OSPI for funding. The District and the Center are both eligible to report enrollment for the time the student attends classes at the respective locations. However, students enrolled in classes at the Center and the District can only be reported for a maximum combined 1.60 Full Time Equivalency (FTE).  In the 2020 school year, the District received about \$27 million in funding based on its enrollment and the education and experience of its teachers. The District enrolls about 2,144 students, on average 20 students attend the Center. During our audit we identified that the District reported students for basic enrollment funding for time they were enrolled in and attending Center classes. This resulted in both the District and the Center being compensated for the same class time for the same students.		
<b>Status of Corrective Action: (check one)</b> <input checked="checked" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid		

**Corrective Action Taken:**

*The Student Records Coordinator performs a thorough review of the high school's P-223 every month. Prior to the audit, there was not this check and balance system in place. Also, the Student Records Coordinator regularly attends training from OSPI and ESD 113 to ensure the most up to date reporting rules are being followed. In addition, the Student Records Coordinator now reports to the Business Manager who is able to oversee the entire process.*

## 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 includes a federal finding regarding compliance with allowable activities and costs, and restricted purpose requirements reported. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.



## INFORMATION ABOUT THE DISTRICT

Rochester School District No. 401 provides educational services to approximately 2,105 students in kindergarten through 12th grade. It has one high school, one middle school, one elementary school, a primary school for kindergarten through second grade and one alternative high school.

A five-member Board of Directors, elected to staggered, four-year terms, governs the District. The Superintendent is appointed by the Board and administers day-to-day operations as well as its approximately 290 employees. The District had an operating budget of \$33.9 million during the 2020-2021 school year, \$36.6 million during the 2021-2022 school year, and \$36.8 million during the 2022-2023 school year.

### Contact information related to this report

Address:	Rochester School District No. 401 10140 Highway 12 S.W. Rochester, WA 98579
Contact:	Jill Pratt, Business Manager
Telephone:	360-273-5536
Website:	<a href="http://www.rochester.wednet.edu">www.rochester.wednet.edu</a>

*Information current as of report publish date.*

### Audit history

You can find current and past audit reports for Rochester School District No. 401 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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