



Office of the Washington State Auditor  
Pat McCarthy

## Accountability Audit Report

# WA HE LUT Indian School

For the period September 1, 2021 through August 31, 2023

*Published October 10, 2024*

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

October 10, 2024

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 School 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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## TABLE OF CONTENTS

Audit Results.....	4
Schedule of Audit Findings and Responses.....	5
Summary Schedule of Prior Audit Findings .....	8
Information about the State-Tribal Education Compact School.....	10
About the State Auditor's Office.....	11

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

- Student enrollment reporting special education
- Payroll – gross wages and electronic funds transfers
- Accounts payable – general disbursements
- Use of restricted funds – professional learning
- Compliance with supplemental contracts for enrichment activities
- Tracking and monitoring of theft sensitive assets, such as computers, tools and equipment
- Establishment of local revenue and expenditure accounts

## SCHEDULE OF AUDIT FINDINGS AND RESPONSES

### WA HE LUT Indian School September 1, 2021 through August 31, 2023

#### **2023-001 Wa He Lut Indian School's internal controls were inadequate for ensuring accurate special education enrollment reporting.**

##### *Background*

In Washington state, public schools and state-tribal education compact (STEC) schools are funded in part based on the student enrollment figures they report to the Office of Superintendent of Public Instruction (OSPI). Schools report special education enrollment for students who are enrolled, have current individualized education programs (IEPs), have current evaluations and have received special education services on or before the monthly count date.

OSPI uses reported student enrollment to calculate state funding. Since OSPI uses enrollment to determine state funding, schools must carefully document reported enrollment and have it available for audit by the State Auditor's Office.

In the 2022–2023 school year, the Wa He Lut Indian School received \$203,261 in state funding based on its reported special education enrollment. The School enrolled 25.11 annual average resident special education students for the 2022-2023 school year.

##### *Description of Condition*

During our audit, we found that the School's student files were inconsistent or incomplete. Specifically, student evaluations did not always contain signature pages, and IEPs and/or evaluations were not available for review or completed on time.

##### *Cause of Condition*

The School experienced turnover in the Special Education Director position four times over the last four years. The School did not have internal controls to ensure the special education enrollment counts it reported to OSPI were accurate and appropriately supported.

## ***Effect of Condition***

For the 2022–2023 school year, the School overreported annual average resident enrollment by 17.89. This resulted in the School being overfunded \$93,500 for its 2022–2023 special education enrollment.

## ***Recommendation***

We recommend the School implement internal controls over special education enrollment reporting to ensure student files are complete and that it reports only eligible students for funding. Additionally, we recommend the School work with OSPI to determine any adjustment of apportionment funding required.

## ***State-Tribal Education Compact School's Response***

*To ensure that the school's internal controls are adequate for ensuring accurate special education enrollment reporting, the following practices have been established at WA HE LUT Indian School:*

- The compliance officer, CO, will run and print the P223H audit report the first school day of the month.*
- The CO will go over the printed report with both the resource room teacher and the speech only specialist; confirming we have all the required documents and signatures for each student we are to claim for that month.*
- If there is a student out of compliance the CO will update Qmlativ to reflect the SPED paperwork and rerun the P223H, thereby removing the student from the report by making them appear on the error list.*
- Once every non-compliance issue has been addressed, the SPED teacher and the CO will sign the front page of the P223H audit report.*
- The audit report is then passed along to the superintendent to review, sign, and return to the CO.*
- The CO ensures all the changes have been made in Qmlativ and then sends the report to OSPI and retains the hardcopy.*

*The State Compliance Officer and the Special Education Teacher will work together closely as we move forward.*

### ***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(1)(f) – Evaluation report.

*Enrollment Reporting Handbook, 2022-2023 School Year*



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### WA HE LUT Indian School September 1, 2021 through August 31, 2023

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

<b>Audit Period:</b> 9/1/19 – 8/31/2021	<b>Report Ref. No.:</b> 1032011	<b>Finding Ref. No.:</b> 2021-001
<b>Finding Caption:</b> The State Tribal Education Compact School (STEC) did not have adequate internal controls in place over special education enrollment reporting.		
<b>Background:</b> The STEC served special education students during the audit period. However, the school did not consistently maintain documentation to support special education enrollment reporting. A lack of controls, oversight and monitoring of special education enrollment reporting resulted in missing documents to support students counts.		
<b>Status of Corrective Action: (check one)</b> <input type="checkbox"/> Fully Corrected <input checked="" type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid		
<b>Corrective Action Taken:</b> <i>A SPED Compliance outline will be used to ensure compliance.</i> <i>IEP—</i> <ul style="list-style-type: none"> <li>• <i>Open new IEP 6 weeks before due, need to have 3 invites mailed out before renewal.</i></li> <li>• <i>Will leave a cover sheet for upcoming IEP's. If you have everything on the checklist when you file the IEP, the school should stay in compliance.</i></li> <li>• <i>There is also a coversheet for Evaluations as well. Will need to scan in those signature pages, REED, DOE and evaluation consent (every evaluation needs a new consent) and attach to evaluation.</i></li> <li>• <i>After meeting, will need to create and mail a Prior Written Notice (PWN) &amp; completed copy of IEP within 2 business days of the meeting.</i></li> <li>• <i>Scan and upload signed signature pages, team meeting notes and initial placement consent (1<sup>st</sup> time only) and attach it to IEP in NASIS. The original pages need to be put with a completed IEP and cover sheet and placed into student's permanent file.</i></li> </ul>		



- *Need to make sure to mark complete all IEP sections in NASIS and lock the IEP in order for it to show on BIE side. After all signature pages, team meeting notes and consent forms are uploaded and attached to most recent IEP, will need to update the information in Skyward (Q) as well.*
- ***BIE Procedural Safeguards can be found:***
- <https://www.bie.edu/sites/default/files/documents/dc2-087462.pdf>
- ***Need to be given at EVERY IEP meeting. The initials on the signature page are confirming receipt of this.***
- ***Progress reports are due 4 times through out the year.***
- *November 8<sup>th</sup> 2024*
- *January 31<sup>st</sup> 2025*
- *April 11<sup>th</sup> 2025*
- *June 13<sup>th</sup> 2025*
- *I will give 2 weeks before to have time to mail them out by end of QTR. A copy needs to go home and a copy needs to be filed in permanent file.*
- ***Service Logs***
- *Service logs need to be kept to track all services students receive for the entire year. A template has been created and adopted and there is copies in the service log binder ready for the year.*
- *Will need to scan and upload service logs for the entire caseload for the whole year. Was easier for me to just stakc them and scan in 10 months of logs for each student so it is only one upload per student. Attach to IEP in NASIS.*
- *By law hard copy service logs are supposed to be kept for 10 years. They can be used in due process and need to be kept and secured for 10 years.*

## INFORMATION ABOUT THE STATE-TRIBAL EDUCATION COMPACT SCHOOL

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 2021-2022 and 2022-2023 the Wa He Lut Indian School served about 127, and 136 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 \$1.9, and \$2.4 million in direct state funding for fiscal years 2022 and 2023. 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	
Address:	WA HE LUT Indian School 11110 Conine Avenue S.E. Olympia, WA 98513
Contact:	Erika Hope, Compliance Coordinator
Telephone:	(360) 456-1311 ext. 135
Website:	<a href="http://www.wahelutindianschool.org/">http://www.wahelutindianschool.org/</a>

*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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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.

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