

Meeting: August 10, 2017
Category: 7. Management Report
Subject: 7.1.3 SAO ALE Audit Report
Goal(s): Effective and Efficient Operations
Budget Implication: None
Summary: SAO ALE Audit report.
Recommendation: None. Informational Report

Attached is the State Auditor Office ALE Audit report for the 15-16 Fiscal Year.

Audit results can be in the following categories listed in order of severity or seriousness of the audit result.

No findings

Exit Items – informal audit out-brief where items of minor nature are recommended improvement

Management Letter – an identified non-compliance warranting attention and correction by the district

Audit Finding – the most serious finding requiring correction by the district

The summary of the 15-16 ALE audit

Management letter regarding errors in over reporting enrollment.

Strategic Goals

- I. Success for All Students
 - A. Deliver instruction aligned to standards
 - B. Use instructional strategies to maximize student engagement and learning
 - C. Create safe and nurturing learning environments
 - D. Provide a variety of opportunities to meet the diverse needs of all students

- II. Stakeholder Support and Satisfaction
 - A. Optimize communication strategies which enhance transparency
 - B. Continuous district improvement based on stakeholder input
 - C. Increase stakeholder engagement

- III. Effective and Efficient Operations
 - A. Responsible allocation and expenditure of funds to meet district goals
 - B. Responsible stewardship of district assets
 - C. Clear and effective management systems



Office of the Washington State Auditor
Pat McCarthy

Special Report
Alternative Learning Experience
North Kitsap School District No. 400
Kitsap County

For the period September 1, 2015 through August 31, 2016

Published May 25, 2017

Report No. 1019032





Office of the Washington State Auditor
Pat McCarthy

May 25, 2017

Board of Directors
North Kitsap School District No. 400
Poulsbo, Washington

Report on Alternative Learning Experience

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

The attached comprises our report on the District's compliance with alternative learning experience enrollment reporting rules. Our independent audit report describes the overall results and conclusions for 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

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AUDIT SUMMARY

Results in brief

District operations complied with applicable state laws and regulations and its own policies and procedures regarding alternative learning experience (ALE) enrollment. For the year ending August 31, 2016, the District received approximately \$37.6 million in combined enrollment and staff mix funding; approximately \$442 thousand of this was related to its ALE programs.

- Parent Alternative Learning – The program reported 70.08 average annual full-time equivalent (AAFTE). Our audit tested 5.714 AAFTE (10 students). We found 2.605 AAFTE over reported. Errors were due to: Hours per week not identified on learning plan, no monthly evaluation, no weekly contact for one student, no monthly evaluation in prior month, learning plan after count date, monthly evaluations not dated, reported more hours than planned.

We estimate the errors resulted in \$16,438 in over funding.

However, we noted certain matters that we communicated to the District management in a letter dated April 27, 2017 related to ALE documentation. We appreciate the District's commitment to resolving those matters.

About alternative learning experience programs

ALE programs are a form of basic K-12 public school education in Washington State. While students in traditional basic education attend classes on campus and have face-to-face contact with teachers and other staff, ALE students may spend most, or even all, of their time outside of a regular classroom setting.

Districts may build Internet-based educational programs that enroll students from anywhere in the state. Besides Internet programs, ALE can be accomplished through a contract between a student and district instructors, or through a parent-partner program in which parents participate in the design and teaching of the student's courses. These programs are different from homeschooling in that students remain part of the public school system and districts claiming funding are responsible for supervision, monitoring, assessing and evaluating the student's education.

Districts may count ALE students for funding when they report enrollment to the Office of Superintendent of Public Instruction (OSPI). In order to claim ALE students for funding, ALE programs must satisfy OSPI's requirement for courses of study leading to a high school diploma. Districts must prepare detailed plans for each student, maintain regular contact with students, and

evaluate student progress on a monthly basis. Districts must also keep detailed records to show they have met all of these requirements.

During the period under review, the District operated one ALE program, which accounted for 1.2 percent of its total basic student enrollment:

- Parent Alternative Learning serves students K-12. Students attend onsite and are given assignments to take home and return completed. The curriculum is the same as the North Kitsap School District. The program has operated for 18 years and reported 1.8 percent non-resident enrollment.

About the audit

Per RCW 28A.232.010, school districts must receive biennial audits of their ALE program. This report contains the results of our independent audit of ALE enrollment at North Kitsap School District No. 400 from September 1, 2015 through August 31, 2016.

Management is responsible for ensuring compliance with applicable ALE requirements. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

Our audit involved performing procedures to obtain evidence about the District's compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters, with regard to its ALE program.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of noncompliance.

INFORMATION ABOUT THE DISTRICT

North Kitsap School District No. 400 is located on the northern tip of the Kitsap Peninsula that includes the communities of Poulsbo, Kingston, Hansville, Indianola and Suquamish. The District provides basic education and related services to approximately 6,065 students in kindergarten through 12th grade. The District operates six elementary schools, two middle schools, two high schools, the Spectrum Community School, West Sound Vocational Skills Center and the Running Start program with Olympic College.

An elected, five-member Board of Directors governs the District. The Board appoints a Superintendent to oversee the District's daily operations as well as its 860 employees. For fiscal year 2016, the District operated on an annual budget of approximately \$73 million.

Contact information related to this report	
Address:	North Kitsap School District No. 400 18360 Caldart Avenue N.E. Poulsbo, WA 98370
Contact:	Andrea Nokell, Financial Services Coordinator
Phone:	(360) 396-3011
Website:	www.nkschools.org

Audit history

You can find current and past audit reports for the District 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.

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov