

ETHICS INVESTIGATION REPORT

Crystal Allenton, Hazel Wolf K-8 teacher

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I PURPOSE OF REPORT

The Seattle School District retained the Columbia Research Corp. (“the Contractor”) to investigate whether Crystal Allenton (“Allenton”), a teacher at Hazel Wolf K-8 School, violated the District’s Ethics Policy by allegedly mishandling cash collected at music and drama performances.

II BACKGROUND

Allenton began working for the Seattle School District on **August 3, 2022**. She currently teaches music for students in kindergarten through 5th grade and drama for students in 6th - 8th grade. She previously worked in Thurston and Shelton County, Washington, and in Chambersburg, Pennsylvania. She holds a bachelor’s and master’s degree from Western Governors University.

III THE COMPLAINT

On **February 6, 2024**, the principal at Hazel Wolf, Dr. Maria Breuder (“Breuder”), submitted a complaint to the District’s Human Resources (“HR”) Department about Allenton’s alleged practices in handling and accounting for cash in 2023-24.

Breuder’s complaint consisted of:

- A fact-finding summary she had prepared with background information.
- A detailed timeline she had prepared with email exchanges and notes of meetings with Allenton.
- Spreadsheets prepared by Allenton (and provided to Breuder) that described income and expenses for the music and drama productions.

Breuder’s complaint did not quantify the amount of money at issue but alleged (among other things) that Allenton:

- Took money from cash collected at the door and paid three or possibly four people, including her daughter.
- Failed to promptly deposit cash at the school even after Breuder instructed her to do so.

Breuder also noted that Allenton’s spreadsheets contained inconsistencies. Money collected at the door did not match the amount deposited with the school, Breuder said.

Breuder -- who only began as principal at Hazel Wolf in July 2023 -- said she had learned of Allenton’s practices in August 2023 and had alerted District officials immediately about her concerns.

Breuder's complaint described how she had directed Allenton in August 2023 to comply with Associated Student Body ("ASB") procedures for handling cash. Breuder said she assumed Allenton was following her instructions.¹ Nonetheless, Breuder wrote that she learned in January 2024 that Allenton had not complied and had delayed submitting money to Hazel Wolf.

In addition, Breuder raised two other issues. First, she said Allenton had improperly charged admission for drama class performances at Hazel Wolf. Second, she expressed concerns that Allenton's planned summer camps for 2024 were in effect private events. Allenton had collected money in participation fees in advance but had not paid building rental fees and did not have a current business license nor was she operating under a personal services contract with the District. Furthermore, Allenton had used District communications -- Talking Points -- to advertise and recruit students for the summer program, Breuder said in her complaint.²

On **February 6, 2024**, the same day that Breuder submitted the complaint to HR, Breuder notified Allenton that she was under investigation.

On **February 14, 2024**, HR manager Denise Williams ("Williams") forwarded Breuder's complaint to Ethics Officer Andrew Medina ("Medina") for his review.

On **February 16, 2024**, Medina asked Senior Internal Auditor Amanda O'Hara ("O'Hara") to provide a preliminary assessment of Breuder's complaint. In response, O'Hara identified issues of concern that raised ethics issues and warranted further investigation:

- Cash collections not deposited in a timely manner.
- Absence of proper accounting procedures.
- No evidence of segregation of duties especially when cash was collected at the door.
- Cash payments made to students, volunteers, staff and a family member from cash donations.
- Fees collected for participation when explicitly instructed not to collect fees.

Meanwhile, on **February 22, 2024**, HR manager Williams arranged for Breuder to meet and discuss her complaint with Michael J. McCarthy, the regional executive director of schools, Misa Garmoe, executive director of employee and association relations, and Dr. Kurt R. Buttleman ("Buttleman"), the assistant superintendent of finance.

¹ Phone interview with Principal Breuder on March 29, 2024.

² These issues are discussed on pages 21-22. Although they are important, the Contractor concludes they are not violations of the Ethics Policy.

IV NOTIFYING THE STATE AUDITOR'S OFFICE

On **February 27, 2024**, Michael Stone, the director of grants, fiscal compliance and strategic partnerships, submitted an online form to the Washington State Auditor's Office ("SAO") that included Breuder's complaint. The complaint notified the SAO of potential loss at Hazel Wolf.³

The next day, **February 28, 2024**, Dr. Buttleman emailed Ethics Officer Medina to inquire if Medina's office was able to conduct an investigation if the SAO wanted the District to conduct its own investigation prior to any SAO involvement. Medina replied that his office could conduct an audit if requested to do so.

On **March 4, 2024**, Dr. Buttleman emailed Medina again. "We have alerted SAO of potential fraud. They are going to let us know if they want us to proceed with an internal investigation. Assuming that's the outcome (likely), what is needed to get that going?" Medina replied that "once you hear back from the SAO, I suggest that you, HR, and I meet to coordinate." Medina said he would then determine if the investigation would be conducted by his internal audit staff or as an ethics investigation by an outside contractor.

On **March 6, 2024**, Michael Stone met with the SAO. The SAO requested that the District conduct an investigation and report the results to the SAO.

On **March 14, 2024**, Misa Garmoe informed Medina that she had conferred with the Legal Department, which asked that Medina hire an outside ethics investigator.

On **March 18, 2024**, Medina emailed the Contractor about his availability to conduct an ethics investigation into the allegations raised in Breuder's complaint.

V THE INVESTIGATION NOTICE TO ALLENTON

On **March 26, 2024**, the HR Department emailed Allenton informing her that the District was continuing to conduct an investigation:

The purpose of this letter is to update you regarding the ongoing investigation begun by Hazel Wolf k-8 Principal Maria Breuder related to concerns about your alleged handling of financial proceeds connected to productions held at Hazel Wolf K-8....This revised notice is to inform you that the District has delegated the investigation of this matter to Columbia Research Corporation.

The primary contact for Columbia Research Corporation is Dan Seligman. You may bring a union representative or legal counsel with you to any meetings requested by Dan. Please preserve all relevant records and be prepared to make them available.

³ State law (RCW 43.09.185) requires state agencies and local governments to immediately notify the State Auditor's Office in the event of a known or suspected loss of public resources or other activity. See the SAO's online link to "Report Fraud or A Loss," <https://portal.sao.wa.gov/saoportal/public/LossReport>. Agencies should inform the SAO of "situations in which disciplinary action against an employee is being considered due to known or suspected losses of public funds, fraud, illegal acts..."

VI SCOPE OF WORK

The Contractor began work on **March 20, 2024**. At the request of the Ethics Office, the Contractor's principal, Daniel Seligman, reviewed Breuder's complaint and other documents. Seligman contacted Allenton by email on **April 1, 2024** to request an interview.

This report contains the Contractor's findings. The Contractor was directed to focus his inquiry on financial matters and whether Allenton misused public funds. The Contractor was not asked to provide legal services or advice to the District and has not done so. Ethics Officer Medina and Senior Internal Auditor O'Hara assisted the Contractor in obtaining information from District records. The Contractor's findings reflect his independent analysis of the facts in this case.

Appendix A contains a list of tasks performed by the Contractor. **Appendix B** contains a chronology of events -- a timeline -- that begins with Allenton's hiring and concludes with emails she sent to District officials after she was told she was under investigation.

VII SUMMARY OF FINDINGS

Allenton acknowledged that she took cash collected at door sales -- from tickets, concessions and donations -- at Hazel Wolf in 2023-24 and distributed it to family members, parent volunteers and students. The monies that Allenton used were public funds. They belonged to the District and should have been deposited promptly with Hazel Wolf.

In interviews and emails with the Contractor, Allenton said she did not use any of the money for herself but rather distributed it to individuals who had played an important role in the success of the productions. Allenton said the prior principal at Hazel Wolf had given her permission to use cash from door sales in this manner.⁴ The Contractor found several emails between Allenton and the prior principal indicating that the principal may have known or acquiesced to some of Allenton's practices but there was no express permission for Allenton to remove funds after performances and spend them as she did.

Furthermore, when Principal Breuder assumed duties at the school, she specifically instructed Allenton on **August 29, 2023** to halt these practices and comply with ASB procedures for handling public funds.⁵ These procedures require (among other things) the prompt deposit of funds at the school. Allenton did not comply. She continued the practices -- described in more detail below -- until Breuder discovered that she had taken cash collected at an after-hours drama class performance and paid her daughter and others.

⁴ The prior principal, Debbie Nelsen, retired in June 2023 at the end of the school year.

⁵ Assistant Principal Kristen Eckert participated in the meeting and confirmed Breuder's instructions. Assistant Principal Jason Winston, who was not at this particular meeting but was involved subsequently, also confirmed that Allenton had been instructed to comply with ASB procedures. Interview with Eckert on April 30, 2024. Interview with Winston on June 12, 2024.

Allenton's practices have now been halted by Principal Breuder. In June 2024, Allenton directed performances of *Honk* -- an ASB activity -- where money was collected at the door by parents and deposited that night with the school. The deposits were recorded the next business day in SchoolPay, the District's online, point-of-sale system. Allenton said she did not handle the cash.

The activities in this report focus on what happened before Principal Breuder implemented the cash-handling practices used at *Honk*. Spreadsheets provide by Allenton to the Contractor show that she collected **\$15,721** at the door during a 10-month period from April 2023 to January 2024. Because Allenton was the only one to count and distribute these funds, the Contractor cannot verify independently the amount of money at stake. Nor can the Contractor confirm Allenton's statement that she did not use the cash for herself but only used it to compensate others who worked on the performances.

Allenton said she would take the cash home in a plastic zipper storage bag and record the amount of cash collected on Post-It notes or handwritten paper. She would then return some of the money to the school after several days, and it would be recorded in SchoolPay at that time. But only 18.4% of the cash collected was ever deposited with Hazel Wolf.

Although Allenton told Breuder that she kept good records, she did not keep receipts for the cash that she distributed. Furthermore, Allenton provided the Contractor with a spreadsheet that is different than the spreadsheet she supplied to Principal Breuder (and which Breuder submitted to the HR Department). The spreadsheet given to the Contractor shows that Allenton paid \$350 in cash to her teenage son Judah to paint watercolors for the set of *Clue*, a drama class production. The spreadsheet given to Breuder omits this item.

The lack of thorough and consistent records hampered the Contractor's investigation throughout this process. Nonetheless, the Contractor concludes after reviewing hundreds of emails and conducting multiple interviews that Allenton violated the District's Ethics Policy by:

Finding No. 1: Hiring her daughter and son to work on Hazel Wolf performances, and paying them cash from door sale receipts.

- In 2023-24, Allenton paid a total of **\$6,000** in cash to her daughter Natalie to work as a choreographer at performances that Allenton directed.⁶ Her daughter is not a District contractor.
- In 2024, Allenton paid **\$350** in cash to her son Judah for paintings for *Clue*.⁷ Her son is not a District contractor.

⁶ Natalie was 19 when the payments started in April 2023.

⁷ Judah was 14 when the payment was made in January 2024. He is not a student at Hazel Wolf.

Section 4 (Conflicts of Interest) of the Ethics Policy prohibits an employee from participating in a District action in which a family member has a financial interest. In addition, the District has an Anti-Nepotism Guideline that prohibits an employee from hiring, supervising, or evaluating an immediate family member.⁸ In hiring her daughter and son, Allenton violated both Section 4 and the Anti-Nepotism Guideline. See pages 11-12 for more details about these payments.

Finding No. 2: Giving cash, gift cards and flowers to parent volunteers and others, including teachers, students who participated in the cast and crew, as well as her daughter and son.

This money also came from door sales. Allenton's payments totaled **\$4,595** in 2023-24. In giving these gifts, Allenton violated **Section 5(a)(Misuse of Position)** of the Ethics Policy, which prohibits an employee from misusing his or her official position primarily for the private benefit of the employee or any other person.

In addition, the District has a Gift Cards Procedure that prohibits employees from giving retail gift cards (paid with District funds) to students and families.⁹ The ASB Procedures Manual also prohibits the use of ASB money for any type of gifts (not just gift cards).

The Contractor spoke with several parent volunteers who said they had not asked for -- and did not expect -- compensation. They said they were surprised when Allenton gave them cash or gift cards. See pages 13-14 for details about these gifts.

Finding No. 3: Giving cash to parent volunteers and her daughter to reimburse them for expenses they had incurred for costumes, sets, props and other items related to the production of performances.

This money also came from door sales. Allenton's payments totaled approximately **\$1,878** in 2023-24. In giving the cash to the parents, Allenton bypassed the normal procedures and internal controls for the reimbursement of expenses that the District has established.

Although it is likely that the parents would have received reimbursements from the District for many expenses had they submitted receipts, Allenton's decision to pay cash out of door sales provided a financial benefit to the parents (some of whom were also the recipients of Allenton's gifts). In addition to giving cash to parents, Allenton also reimbursed her daughter for \$224 in hiring Uber on December 5 and 7, 2023 to bring her to Hazel Wolf for *Jungle Book* rehearsals and again on January 19, 2024 to bring her to a *Clue* performance at Hazel Wolf. The Contractor questions whether this expense is allowable under ASB policies.

Allenton's practices allowed the parents to bypass the ASB trust analyst and the Accounts Payable Department that review reimbursement requests. In effect, Allenton assumed responsibilities for which she was not hired.

⁸ Human Resources Department, Administrative Guideline No. 2012 No. 1, adopted March 29, 2012.

⁹ Business & Finance, Administrative Procedure on Gift Cards, adopted April 15, 2019. The procedure notes that the Washington State Constitution prohibits governments from giving a "gift of public funds."

As a result, the parents could receive cash without waiting for the District to process their requests and send them a check. In providing these cash reimbursements, Allenton violated **Section 5(a)(Misuse of Position)** of the Ethics Policy, which prohibits an employee from misusing his or her position primarily for the private benefit of the employee or any other person. The money that Allenton gave to parents and her daughter from door sales was not hers to distribute. It belonged to the District and should have been deposited promptly at the school. See pages 14-15 for more details about Allenton’s cash reimbursements.

VIII REVENUE GENERATED BY ALLENTON’S PERFORMANCES

Allenton’s performances at Hazel Wolf generated a significant amount of revenue.

Table 1 below shows the total estimated amount of money raised in 2023-24 at performances that Allenton directed. The number in parentheses is the number of performances. “**Online deposits**” include: 1) participation fees paid in advance for students to participate in the cast or crew; and 2) advance ticket sales. “**Cash at the Door**” represents the total collected from tickets sold for cash, concessions (including seat cushion rentals) and donations on the day of the performance. Only *Clue* was a school class performance. The other performances were ASB extracurricular activities. **The “cash at the door” numbers were provided by Allenton¹⁰ and cannot be verified independently.**

TABLE 1
Hazel Wolf Performances Directed by Allenton
Revenue Generated

Event	Dates	Online Deposits	Cash at the Door	Total
<i>Little Mermaid</i> (5)	April 2023	\$10,050 ¹¹	\$5,182	\$15,232
<i>Frozen / Annie</i> (2)	July 2023	\$8,400 ¹²	None	\$8,400
<i>Jungle Book</i> (4)	Dec. 2023	\$12,015 ¹³	\$5,797	\$17,812
<i>Clue</i> (3)	Jan. 2024	None ¹⁴	\$4,742	\$4,742
TOTAL		\$30,465	\$15,721	\$46,186

¹⁰ Email from Allenton to the Contractor, April 27, 2024.

¹¹ The online deposits for *Little Mermaid* consist of participation fees (\$2,960) plus advance ticket sales (\$7,090) for a total of \$10,050.

¹² *Frozen* and *Annie* were two week-long summer camps held in July 2023. Each student in the cast or crew paid \$200 in advance to participate in the camp (\$8,400 total). No money was collected at the door of performances.

¹³ The online deposits for *Jungle Book* consist of participation fees (\$4,340) plus advance ticket sales (\$7,675) for a total of \$12,015.

¹⁴ Because *Clue* was a class performance, students did not pay participation fees. Nor were advance ticket sales allowed.

IX THE ASB REQUIREMENTS FOR HANDLING CASH

ASB money -- as defined by the District's ASB Procedures Manual -- includes fees collected from students and non-students at any event that is of a cultural, athletic, recreational or social nature.¹⁵ Revenues derived from ASB programs are public money.¹⁶

The ASB Manual describes the steps that schools must take to safeguard public funds:

- Money generated through ASB programs must be deposited within 24 hours to the ASB Fund and accounted for by the school district.¹⁷
- Funds are to be deposited and recorded in the SchoolPay system. Manual receipts are to be used only when SchoolPay is unavailable.¹⁸
- Tickets must be sold on pre-numbered forms and used for all activities for which admission is charged. Tickets must be sold in numbered sequence. Two individuals should control admissions. One person should collect money and issue tickets. A second person should collect the tickets and tear them (a receipt for attendees).¹⁹
- Gifts, gift certificates and gift cards are not allowable ASB expenditures.²⁰

None of those procedures were followed by Allenton until Principal Breuder implemented new practices for the June 2024 performance of *Honk*.

Despite those changes, the Contractor wishes to note that deficiencies in Hazel Wolf's cash-handling practices came to light several years before Allenton began to work at the school. A September 2018 internal audit report on Hazel Wolf identified the following specific concerns:

- Funds are not always deposited with the bank on a timely basis.

¹⁵ The Associated Student Body (ASB) Procedures Manual (July 2023)(page 5) defines an ASB program or event as "any optional noncredit extracurricular activities conducted in whole or in part by or on behalf of the ASB, during or outside of regular school hours, within or outside school grounds and facilities, and conducted with the approval and direction of the school district or under the official designee to whom authority has been delegated to act on behalf of an ASB or sub-component of an ASB." WAC 392-138-010.

¹⁶ ASB Manual, page 5, citing RCW 28A.325.010.

¹⁷ ASB Manual, page 19.

¹⁸ ASB Manual, page 19.

¹⁹ ASB Manual, page 46.

²⁰ ASB Manual, page 85 (Appendix).

- Manual receipts are not always recorded in the SchoolPay system.
- There is a lack of supporting documentation to explain variances.

The report concluded that “the current procedures do not provide adequate documentation to safeguard and account for District resources.” The school’s procedures “increase the risk of theft, loss, and abuse and prevent us from providing assurance that all funds received by the school were properly deposited into a District bank account.”²¹ See **Appendix C** for the audit report.

In the Contractor’s opinion, some of the concerns expressed in the audit report were apparently not corrected and may have allowed Allenton to engage in the improper cash-handling procedures that are described here.

X ALLENTON’S PRACTICES

Allenton’s practice was to collect money at the door, take it home in a plastic zipper bag, pay expenses and make cash payments to her daughter, son and others, and then bring back the remaining amount for deposit at the school.²²

Even then, Allenton said she had access to cash and would ask Evelyn Shelby, the administrative assistant and office manager at Hazel Wolf, to take cash out of the safe and give it to her for future expenses related to performances. There were no receipts for any of these transactions, and Shelby denied that she gave cash from the safe to Allenton.

These actions are clearly inconsistent with both the District’s ASB Procedures Manual and the District’s General & ASB Fund Cash Handling Procedures. The procedures reflect existing Washington State law and require that all District employees expeditiously deposit public funds. The procedures state that “in general, all cash and checks received by District staff...are defined as Public Funds.” All money (cash, coins and checks) must be submitted and transmitted, intact, to the various school district depository bank accounts.²³

Table 2 on the next page shows what happened to the cash collected at the door. “**Door Sales**” refers to the amount collected from cash ticket sales at the door, concessions and donations. “**Cash Distributed by Allenton**” shows that amount that Allenton removed from the cash collected and spent (not deposited). “**Deposits**” shows the amount recorded in SchoolPay from the performances. “**Date of Deposit**” refers to the date the deposit was recorded in SchoolPay.

²¹ The audit report (issue date: September 4, 2018) for fiscal year 2017-18 is also available on the District’s Internal Audit website, <https://www.seattleschools.org/departments/internal-audit>

²² Interview with Allenton, May 1, 2024.

²³ Finance Services Division, *General & ASB Fund Cash Handling Procedures*, adopted September 2, 2015.

TABLE 2
What Happened to the Cash?

Event	Door Sales	Cash Distributed by Allenton	Deposits	Date of Deposit
<i>Little Mermaid</i>	\$5,182	\$4,598	\$584	06-20-23
<i>Jungle Book</i>	\$5,797	\$4,057	\$1,740 *	12-12-23
<i>Clue</i>	\$4,742	\$4,168	\$574 **	02-06-24
TOTAL	\$15,721	\$12,823	\$2,898	

* Includes a \$45 check. The remainder (\$1,695) was cash.

** Includes \$40 in checks. The remainder (\$534) was cash.

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As the table illustrates, only \$2,898 was deposited with SchoolPay, which represents approximately 18.4% of the total cash collected from the three events. The vast majority of the funds -- 81.6% -- was distributed by Allenton.

Unfortunately, there is no record for what Allenton collected at the door. As a result, it is not possible to trace the flow of cash with any certainty.

The *Little Mermaid* production, for example, was held April 28-30, 2023. Only \$584 was recorded in the SchoolPay system on June 20, 2023, six weeks later. An email from Allenton suggests that she deposited the money with the school on or about May 1, 2023 but the exact date is not known.²⁴ Administrative assistant Shelby said the delay in recording the deposit in SchoolPay was on her end because she was busy with other obligations and activities. The only record of this deposit is an undated Post-It note that Allenton gave to Shelby with the denominations of the bills deposited and the total (\$584). Shelby did not give Allenton a receipt.

Making matters more complicated, Allenton told the Contractor that she actually deposited \$2,155 from *Little Mermaid* with Shelby.²⁵ But Allenton has no record of doing so, nor does Shelby. Allenton said she withdrew some of this money for future expenses by asking Shelby to take money out of the safe and give her cash. Shelby denied that she did so.²⁶ However, the Contractor discovered an email chain between Allenton and Shelby that suggests Allenton attempted to collect \$500 in cash so she could pay her daughter in advance for serving as choreographer of two summer camps at Hazel Wolf. The email exchange between Allenton and Shelby is described on the following page.

²⁴ Email from Allenton to Shelby, May 1, 2023. "I plan to bring you the cash from tickets and concessions today for the safe/bank deposit." There are no records showing whether Allenton deposited the money that day or how much was given to Shelby to put in the safe.

²⁵ In an interview with the Contractor on May 1, 2024, Allenton also suggested that \$1,649 (not \$2,155) should have been deposited with SchoolPay. The Contractor cannot resolve this discrepancy.

²⁶ Interview with Evelyn Shelby on April 19, 2024. Meeting with Shelby at Hazel Wolf on May 10, 2024.

XI IMPROPER PAYMENTS TO ALLENTON’S DAUGHTER AND SON

Of particular concern are Allenton’s cash payments to her daughter Natalie and her son Judah, as shown in **Table 3** below.

TABLE 3
Cash Payments to Natalie and Judah Allenton

Event	Recipient	Cash Payment	Dates
<i>Little Mermaid</i>	Natalie	\$1,500	04-29-23
<i>Frozen /Annie</i>	Natalie	\$1,000	06-06-23
<i>Jungle Book</i>	Natalie	\$2,000	12-10-23
<i>Clue</i>	Natalie	\$1,500	01-20-24
<i>Clue</i>	Judah	\$350	Not known
TOTAL		\$6,350	

The payments above all occurred within a day or two of a performance with the exception of Allenton’s cash payment of \$1,000 on June 6, 2023 for Natalie to work on two upcoming summer camps in July.

On June 5, 2024, the day before Allenton paid her daughter, Allenton emailed administrative assistant Shelby inquiring if Shelby had gone to the bank to deposit cash that Allenton had given her from *Little Mermaid* proceeds:

“I realized I probably should have just taken the full amount for the summer choreographer. If it’s still there, I’ll grab the other \$500.”²⁷

Shelby responded:

“It all sounds good. I’m out of the office today. See you tomorrow.”

Allenton replied and repeated her request:

“I am hoping to pull the second \$500 from the cashbox [the school safe] per my previous email. I have it recorded under cash tickets and concessions as a part of the excel [spreadsheet]. Once I have it fully updated, I will send the record again.”

Shelby responded:

“ok.”

²⁷ The email chain does not make clear that “the choreographer” was Natalie Allenton. Shelby said she was unaware of this fact until she was informed by the Contractor during an interview on April 19, 2024.

The Contractor is unable to determine what happened next. He cannot confirm if \$500 was, in fact, removed from the safe, though Allenton's records show that she gave \$1,000 in cash to Natalie on June 6 as advance payment for her work as "guest artist" for the two summer camps.²⁸

In an initial interview, Shelby denied that she ever went to the safe and removed cash (for any purpose).²⁹ But in a subsequent email inquiring about this transaction, Shelby replied that she does not recall if Allenton "got the money or not."³⁰ Allenton could not provide additional details, either. "I believe that she [Natalie] may have been paid in two installments. No receipt. Paid in full amount [\$1,000] indicated on the spreadsheet for summer [camps]," Allenton said in an email.³¹

The cash payment of \$350 to her son is another matter. Allenton confirmed that she paid him in January 2024 -- the exact date is not known -- for painting seven watercolors for the set of *Clue*. The item is listed as "commissioned art" on a spreadsheet provided by Allenton to the Contractor.³²

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²⁸ The advance payment is described in a financial summary for the two summer camps (*Frozen* and *Annie*) provided by Allenton to the Contractor.

²⁹ Phone interview with Evelyn Shelby on April 19, 2024.

³⁰ Email from Shelby to the Contractor on June 13, 2024.

³¹ Email from Allenton to the Contractor on June 12, 2024.

³² This item was omitted from Allenton's spreadsheet that she gave Principal Breuder on February 5, 2024.

XII IMROPER GIFTS

A separate issue is Allenton's gifts to parents, students and two fellow teachers over a period of months. **Table 4** below shows the gifts.³³ The names of parent volunteers are identified only by letter (i.e., "Parent A") to protect their privacy. "T" indicates a teacher at Hazel Wolf.

TABLE 4
List of Improper Gifts
In Chronological Order

Recipient	Event	Date	Amount
Ilan Speizer (T)	<i>Little Mermaid</i>	Not known	\$50 gift card
Parent A	<i>Little Mermaid</i>	05-01-23	\$200 gift card and \$20 in flowers
Parent B	<i>Little Mermaid</i>	05-01-23	\$200 gift card and \$20 in flowers
Parent C	<i>Little Mermaid</i>	05-01-23	\$200 gift card and \$20 in flowers
Parent A	<i>Jungle Book</i>	12-08-23	\$200 gift card and \$25 in flowers
Parent B	<i>Jungle Book</i>	12-08-23	\$200 gift card and \$25 in flowers
Natalie Allenton	<i>Jungle Book</i>	12-08-23	\$25 flowers
Alyssa Powers (T)	<i>Jungle Book</i>	12-08-23	\$25 flowers
Judah Allenton	<i>Jungle Book</i>	12-08-23	\$50 cash
Judah Allenton	<i>Jungle Book</i>	12-08-23	\$25 gift card
Student	<i>Jungle Book</i>	12-08-23	\$50 cash
Student crew	<i>Jungle Book</i>	12-09-23	\$410 gift cards
Alyssa Powers (T)	<i>Jungle Book</i>	12-09-23	\$300 cash
Parent D	<i>Jungle Book</i>	12-10-23	\$500 cash and \$50 gift card
Parent A	<i>Clue</i>	01-19-24	\$1,000 cash
Parent D	<i>Clue</i>	01-19-24	\$500 cash
Alyssa Powers (T)	<i>Clue</i>	01-19-24	\$500 cash
TOTAL			\$4,595

The recipients said they contributed in various ways to the performances. Parent A worked on costumes. Parent D specialized in lighting and sets, and has been involved as a volunteer in Hazel Wolf drama productions for years. Parent C was also a volunteer at the time (who began working for Hazel Wolf in August 2023). She received a gift card to a Seattle health spa and flowers, but said she has not accepted gifts after she became a District employee. Teacher Alyssa Powers served as the "art director." They all said they spent extensive time -- in some cases, dozens of hours each -- contributing to Allenton's productions.

³³ Information for this table was compiled from four sources: 1) spreadsheets that Allenton gave to Principal Breuder on February 5, 2024, and which were included in her complaint submitted to the HR Department; 2) spreadsheets from *Little Mermaid* that the Contractor discovered during a search of emails from Allenton (with information not provided to Breuder); 3) hand-written notes in binders that Allenton kept at Hazel Wolf and made available to the Contractor; and 4) interviews with teachers and parent volunteers.

Allenton said the purpose of the gifts was to express her appreciation to the volunteers and students themselves (who received gift cards to Starbucks or Barnes & Noble). The Contractor interviewed several parent recipients and confirmed that each had received cash, or a gift card, or other item of value (such as flowers). All of the recipients said the gift was a surprise; they had not asked for any remuneration. There was no expectation that they would be compensated, they said. The recipients described a similar pattern: Allenton would approach them after the final performance (or within a day or two) and hand them an envelope with cash. One parent recalled their conversation. “We made some money, here it is,” Allenton allegedly told the parent when she gave him \$500 after a performance.³⁴ All of the recipients contacted by the Contractor said they understood -- or suspected -- that the cash came from door sales.

XIII IMPROPER REIMBURSEMENTS

The third issue is Allenton’s use of cash collected at the door to pay expenses incurred by parent volunteers.

The District has three ways to pay for costs associated with events such as musical or drama performances. First, a school may purchase items (e.g., sets, props, costumes) in advance through companies, like Amazon, where the District has an established account.³⁵ Second, schools may establish their own Imprest Fund checking account, which is used for small (less than \$1,000) reimbursements.³⁶ Hazel Wolf has not established an Imprest Fund account. The third way is also typically used for smaller amounts. Parents can submit receipts directly to the school, which then prepares a purchase order for submission to the ASB analyst, who reviews it and forwards it to the Accounts Payable Department, which writes a check and mails it to the parent.

Allenton relied on advance orders and PTSA reimbursements for some expenses but she also used her own process. From the cash she took from door sales she paid parents within a few days after the performance. In one instance, she appears to have reimbursed herself \$71.42 for art displays.³⁷

Allenton kept two binders of the receipts showing the expenses incurred, and she shared this information with the Contractor. But Allenton did not submit these receipts to Hazel Wolf for reimbursement. In many instances, Allenton has no record of the date she paid the parent volunteers. Nor did the parents sign a receipt acknowledging the cash received.

³⁴ Phone interview with Parent D on May 2, 2024.

³⁵ ASB Manual, pages 32-36.

³⁶ ASB Manual, pages 25-26. The Imprest checking account is a District-authorized account established at a commercial bank to allow schools to expedite minor reimbursements.

³⁷ Allenton’s spreadsheet shows the cash came from “tickets/concessions” and that she reimbursed herself on January 6, 2024. The source of this money is not clear though it is listed as a *Clue* expense. *Clue* performances were held January 18-20, 2024 after Allenton said she reimbursed herself from ticket sales.

Allenton said she adopted this approach because the District was slow in reimbursing parents. Allenton she said that the District sometimes takes 4-6 months to reimburse parents.³⁸ Allenton said she said she did not want the parents to wait that long to receive a reimbursement check.

ASB analyst Karen Hardy, whose job is to review the reimbursements and forward them to the Accounts Payable Department, said Allenton's description is not accurate. The entire process typically takes between 4-6 weeks, sometimes less, Hardy said.

Based on a preliminary review of Allenton's binders, the Contractor believes that most expenses could have been submitted to Hazel Wolf and would likely have been approved. The expenses -- from Goodwill, Home Depot and other stores -- were generally for small amounts. The Contractor believes that about \$1,878 was paid by Allenton to reimburse parents for their expenses in 2023-2024. This is an estimate only and is calculated by subtracting the amount paid to Natalie and Judah Allenton, and the amount of the gifts, and the amount deposited at the school from the total cash collected at the door. What is left is the Contractor's best estimate of the amount paid for reimbursements.³⁹

This amount is only a rough approximation because Allenton's spreadsheets are difficult to understand. Some entries for expenses are undated. The PTSA paid for some expenses as did the school itself, but those items are identified by "Evelyn," a reference to administrative assistant Evelyn Shelby who apparently executed the order. There is no reference to a purchase order. One spreadsheet for the 2024 performance of *Clue*, for example, shows that Allenton took \$224 in cash (a "travel stipend") to reimburse her daughter's Uber expenses. As noted earlier, the Contractor questions whether this is an allowable expense under ASB procedures.

XIV ALLENTON'S EXPLANATIONS

Allenton cooperated in this investigation. She said none of the cash proceeds were used for herself. In emails to the Contractor and in interviews, Allenton said she did not personally benefit by this system of handling cash. "I will swear under oath that I have not stolen or lost public funds," Allenton said in an email to the Contractor.⁴⁰

But Allenton appears to have been working under a basic misconception since she started at the school. In multiple emails -- described in **Appendix B** (Chronology of Events) -- Allenton referred to the money raised from performances at Hazel Wolf as a "fund" or a "revolving fund" that she could control.

³⁸ Interview with Allenton on May 1, 2024.

³⁹ This amount is calculated as follows: \$15,721 collected at the door (according to Allenton) minus the \$2,898 recorded in School Pay = \$12,823. Of this sum, \$6,350 was used to pay Natalie and Judah Allenton and \$4,595 was used for gifts. The remaining amount is \$1,878.

⁴⁰ Email from Allenton to the Contractor, March 27, 2024.

There was not -- and is not to this day -- a separate fund that is controlled by a teacher. All monies raised from Allenton's events are considered part of the school's General Fund (if the performance is a class event) or the ASB Fund (if the performance is an extracurricular event).

Nonetheless, Allenton said that she "inherited" a system of using cash proceeds from tickets and concessions to pay for (among other things) expenses and gift cards for volunteers. She said the prior principal of the school, Debbie Nelsen, had approved these arrangements, including paying her daughter Natalie with cash. Allenton said she regularly shared her Excel spreadsheets with Nelsen and others.

To support her position, Allenton provided emails exchanges with Nelsen for the Contractor to review. Some of the emails suggest that Nelsen may have approved or acquiesced to certain requests from Allenton.

On **October 28, 2022**, for example, Allenton emailed Principal Nelsen about whether Allenton could pay a fellow teacher who had been particularly helpful. The money -- \$1,000 -- would come from Allenton's stipend from Hazel Wolf. As an alternative, Allenton suggesting buying a "thank you gift out of the budget" for the teacher. [Underlining added for emphasis.]

On **December 12, 2022**, Allenton informed Principal Nelsen that she was "working on getting Natalie (my daughter and *Little Mermaid* choreographer) cleared to volunteer earlier tonight." Allenton added, "the online paperwork has questions about compensation indicating that she is not a standard volunteer. Since we will give her a stipend for her work with the musical, is there anything she needs to do to be cleared to work on the project?" [Underlining added for emphasis.]

On **April 21, 2023**, Allenton informed Principal Nelsen that she had "hired" a fellow teacher, Alyssa Powers, who built and designed sets, and would receive a \$1,500 stipend from Hazel Wolf. Allenton also informed Nelsen that "We will also give a stipend to Natalie, our choreographer, but can pull that from cash at the door since she is not an employee." [Underlining added for emphasis.] The email chain appears to end there, and it is not known if or how Nelsen responded.

In an interview with the Contractor, Nelsen said she trusted her staff and was focused on the big financial picture, and did not look at details. If Allenton occasionally sidestepped the process, it was not out of malice. It was a "work around" that Allenton adopted, Nelsen said.

Nelsen -- who retired at the end of the 2022-23 school year -- acknowledged that she may have approved of incidental gift cards to parent volunteers from cash collected at the door because the District could not do this directly. Nelsen said Allenton's predecessor (the previous drama teacher) "figured out a way around" the gift card prohibition.

Nonetheless, Nelsen said she does not believe that she would have authorized Allenton to make large cash payments, including to her daughter. “I don’t think I would have approved it.”⁴¹ Nor would she have approved of a teacher having access to cash once it was deposited with the school. The administrative staff, Nelsen said, would not have given it back for any purpose.⁴²

But Allenton said she did, in fact, have access to the cash after it was deposited in the school safe and before it was recorded in the SchoolPay system. Allenton said she would ask administrative assistant Shelby to “pull” money from the safe and give it to her for future expenses related to performances. These practices, Allenton said, occurred when Nelsen was the principal but there are no receipts to support these transactions.

The new principal, Dr. Breuder, clearly took a different approach to the way cash was supposed to be handled at events. Although Breuder was not aware at the time of how much money Allenton had distributed, Breuder said she attempted to change Allenton’s cash-handling practices as early as **August 29, 2023**, when Breuder said she gave Allenton clear instructions to comply with ASB procedures.

Allenton confirmed that Breuder had instructed her to follow ASB procedures. But Allenton said she thought that Breuder meant the school needed to change the way *it* operated. She said she did not understand that *she* had to change her practices.⁴³ Furthermore, Allenton said she did not know how to comply because the school -- she found out subsequently -- had not adopted an ASB constitution, and Allenton said an ASB account at Hazel Wolf had not been created.⁴⁴ Allenton said she therefore continued using cash to pay her daughter, provide gifts and reimburse parents.

Allenton’s practices came to light in January 2024, when Breuder and assistant principal Kristen Eckert attended an evening drama class performance of *Clue*.⁴⁵ Breuder and Eckert told the Contractor that they were surprised to see that Allenton was collecting cash at the door for ticket sales and concessions, and had even displayed a “donation jar” and encouraged parents to contribute money.

⁴¹ Interview with Debbie Nelsen on April 23, 2024.

⁴² Interview with Debbie Nelsen on April 23, 2024.

⁴³ Interview with Allenton on May 1, 2024. The ASB Procedures Manual is posted on the District’s website and requires (among other things) for door tickets to be numbered and for cash to be promptly deposited (within 24 hours) at the school.

⁴⁴ Allenton’s understanding is incorrect. The District has a single ASB account. All schools need to follow ASB procedures for handling cash, even if they have not adopted a school constitution. In the case of Hazel Wolf, students in the 7th and 8th grade can participate in ASB governance (e.g., planning events). For younger students, the principal makes these decisions. Email from Karen Hardy, April 29, 2024.

⁴⁵ *Clue* was part of the Hazel Wolf curriculum and was not an ASB event.

On **January 30, 2024**, ten days after the last *Clue* performance, Breuder held a meeting with Allenton and halted the way Allenton handled cash. Cash from *Clue* was recorded in SchoolPay on February 6, 2024 but it was only 12% of what was collected at the door.

The recent production of *Honk* -- which Allenton directed on June 7-9, 2024 -- followed ASB procedures for the handling of cash, Breuder told the Contractor.⁴⁶ Allenton confirmed that a parent and former PTSA treasurer, Sarah Burris, was in charge of handling the cash received at the door from ticket sales and concessions. Burris and other parent volunteers counted the money and deposited it each evening at the school. The cash was recorded in SchoolPay on Monday, June 10, 2024 (the next business day).⁴⁷

Principal Breuder has now implemented other changes as well. The ASB must now approve of future events (rather than have Allenton direct extracurricular performances of her choosing without prior ASB approval).

In an email to the Contractor, Allenton indicated that she is frustrated by some of these changes. Allenton said she has requested that the monies collected from prior events be transferred to the ASB “so that this money is dedicated to the music/drama department and must be released for expenses only with the approval of the ASB.” But she said she has “never been given confirmation of this transfer or any specific amount being ‘ours’ or being in that fund.”⁴⁸

Furthermore, Allenton said there is still no indication that there is an ASB constitution or bylaws at Hazel Wolf. “I am being asked and legally investigated under a system that they have not put fully in place,” she wrote.⁴⁹ Allenton concluded her email:

“To summarize: I am not reporting wrongdoing in my building. I am not blaming any one person for anything. I am simply once again emphatically fighting for my life, the job, and the community I love. I am restating that I have been put through a lot of stress and anxiety this year because admin wants me to personally figure things out while simultaneously not providing ASB or fiscal oversight and formally blaming me. I should not be a scapegoat for problems bigger than me.”⁵⁰ [Underlining in original text.]

⁴⁶ The Contractor’s investigation did not include a detailed review of cash-handling practices at *Honk*. The Contractor’s focus was on prior productions.

⁴⁷ Interview with Sarah Burris on June 13, 2024. Because the performances of *Honk* were held on Friday, Saturday and Sunday evenings (6 p.m.), there was no opportunity until Monday, June 10, 2024 to record the receipts in SchoolPay. According to SchoolPay records, \$4,176.76 was deposited that day.

⁴⁸ Email from Allenton to the Contractor, June 16, 2024.

⁴⁹ Email from Allenton to the Contractor, June 16, 2024. As explained in footnote 44 at page 17, the ASB system does not depend on a school adopting a constitution and bylaws. The ASB Procedures Manual for handing cash applies to all schools in the District.

⁵⁰ Email from Allenton to the Contractor, June 16, 2024.

XV THE DISTRICT’S ETHICS POLICY

The District’s Ethics Policy, No. 5251 (October 12, 2016) addresses (among other things) **Conflicts of Interest** and **Misuse of Position**.

Section 4 (Conflicts of Interest) requires District employees to **disqualify** themselves from participating in District actions in which they have a conflict of interest and to **disclose** when it would appear that they have a conflict of interest. Section 4(a) states that a District employee may not “participate in a District action” in which a family member of the employee has a “financial interest.”

Section 5 (Misuse of Position) states that a District officer or employee may not misuse their position for private gain. Section 5(a) states that an employee may not:

Use or attempt to use his or her official position for a purpose that is, or would to a reasonable person appear to be, primarily for the private benefit...of the employee or any other person, rather than primarily for the benefit of the District. [Underlining added for emphasis.]

Allenton’s activities and practices implicate both of these sections, as explained below.

XVI ANALYSIS AND CONCLUSIONS

Allenton’s Practices That Violated the Ethics Policy

Based on the facts contained in this report, the Contractor concludes that Allenton violated the District’s Ethics Policy by:

- 1. Hiring her daughter and son to work on Hazel Wolf performances, and paying them cash from door sale receipts.**

Section 4(a) states that a District employee may not participate in an action in which a family member has a “financial interest.” Although her daughter Natalie is a professional dancer and is apparently well qualified to serve as choreographer, the Ethics Policy precludes Allenton from making the decision to retain and pay her. The same is true for her son.

The Contractor concludes that Allenton violated **Section 4 (Conflicts of Interest)** when she paid her daughter Natalie \$6,000 and her son \$350 in cash from door sales collected at Hazel Wolf performances in 2023-24.

In addition, the District has an Anti-Nepotism Guideline (No. 2012, adopted 2012). Allenton’s decision to hire her daughter and son were therefore improper under both the Anti-Nepotism Guideline and the Ethics Policy. The money that Allenton gave to her daughter and son was not Allenton’s to distribute. It belonged to the District and should have been deposited promptly at the school.

2. Giving cash, gift cards and flowers to parent volunteers and others, including teachers, students who participated in the cast and crew, as well her daughter and son in 2023-24.

The Contractor concludes that Allenton violated **Section 5 (Misuse of Position)** by giving gifts to parents, fellow teachers and students.⁵¹ Allenton misused her position by using District funds to benefit the recipients. She selected the parents who received the gifts and determined how much they would receive.

In addition, the District's Gift Cards Procedure (adopted April 15, 2019) states that public money cannot be used for the purchase of gift cards because it would constitute an improper "gift of public funds," as defined by the Washington State Constitution. Furthermore, the ASB Procedures Manual prohibits using money for any gift, not just gift cards.

Allenton said she did not personally benefit from these transactions. She said she did not buy the gift cards for herself. But the recipients of her largesse clearly benefitted. As explained above, Section 5 does more than prohibit an employee from using their position to help themselves. Section 5(a) also applies to situations where another person benefits from the employee's actions.

It is important to note that the volunteers did not solicit these gifts and did not suggest that they wanted gift cards or money. It was Allenton who encouraged them to accept the compensation. The money that Allenton gave to parents and other recipients was not hers to distribute. It belonged to the District and should have been deposited promptly at the school.

3. Giving cash to parent volunteers to reimburse them for expenses they had incurred for costumes, sets, props and other items related to the production of performances in 2023-24.

The Contractor concludes that Allenton violated **Section 5(a)** by paying cash to parents to reimburse them for their expenses. The parents could have submitted receipts to the school directly, and they would likely have received checks from the District after 4-6 weeks.

In paying cash to the parents, Allenton bypassed the District's review and accounting procedures and provided "private benefits" (e.g., rapid payment) to parents (some of whom were the recipients of Allenton's gifts). In doing so, Allenton -- in the Contractor's opinion -- misused her position as a District employee. In effect, she assumed the duties of the ASB trust analyst and the Accounts Payable Department. The money that Allenton gave to parents was not hers to distribute. It belonged to the District and should have been deposited promptly at the school.

⁵¹ Section 6 of the Ethics Policy addresses gifts and gratuities. "To promote public confidence, District employees and officers generally must not accept gifts or gratuities from people who may have an interest in District Actions." This provision refers to gifts that District employees receive and is thus not relevant to the facts here, where Allenton gave gifts of public funds to parent volunteers and others. Allenton's gifts, as explained above, raise issues under Section 5 (Misuse of Position).

In emails and interviews with the Contractor, Allenton suggested that she had permission from the prior principal, Debbie Nelsen, to take cash from the door for gifts cards. But Nelsen said she does not believe she permitted Allenton to take money from door sales for her daughter.

More importantly, Principal Breuder's instructions to Allenton on **August 29, 2023** were clear: Allenton had to follow ASB procedures.⁵² Nonetheless, the practices that Allenton had employed when Nelsen was the principal continued until January 2024.

Allenton's Practices That Did Not Violate the Ethics Policy

The Contractor concludes that two of Allenton's practices -- identified by Principal Breuder -- did not violate the Ethics Policy though they may trigger valid concerns under other important District policies, including possible insubordination.

The first issue relates to Allenton's decision to charge admission to drama class performances of *Clue* held at Hazel Wolf on January 18-20, 2024. In addition, Allenton collected donations at the event. Breuder said she had previously explained to Allenton that she could not collect fees for that event because *Clue* was part of the school curriculum (as opposed to an ASB performance).

Allenton's decision to charge admission and collect donations was not -- in the Contractor's opinion -- an ethics violation in and by itself. Allenton's cash-handling practices -- what she did with the money -- is what triggers the ethics concerns. Allenton took cash home, paid her daughter and son, paid volunteers, and paid expenses with the cash that she improperly removed from Hazel Wolf. The monies were public funds that were not hers to distribute.⁵³

The second issue relates to Allenton's proposed 2024 summer camps at Hazel Wolf, which Breuder cancelled. In her complaint, Breuder said that Allenton had not made reservations for the camps and was not paying (or scheduled to pay) building rental and facility use fees. In addition, Breuder said that Allenton's use of the District's Talking Points messaging application also raised concerns because Breuder believed the summer camps were a private event.

The Contractor does not believe these concerns rise to the level of an ethics violation. Allenton charged participation fees collected in advance (e.g., credit card payments). The money was properly deposited in the SchoolPay system. The summer camps (if classified as ASB events) would not have to pay building rental fees though they would likely be charged for custodial services and HVAC charges.

⁵² Allenton does not disagree that Breuder gave her these instructions. But she said that she was not sure what she needed to do or how to comply. See Section XIV on page 15 for Allenton's explanation.

⁵³ If Allenton had deposited all of the money from *Clue* at Hazel Wolf -- and if the school had followed the Ethics Policy and ASB cash-handling procedures -- it is unlikely that Allenton or her family would have benefitted financially. In those circumstances, Allenton's daughter and son would not have been hired and paid. No money would have changed hands.

Breuder is correct that Allenton should have made reservations to use school facilities but this omission -- in and by itself -- is not an ethics violation. Because Allenton was treating the summer camps as an ASB event and collecting money in SchoolPay, it would not be an ethics issue to communicate with parents using Talking Points or to fail to obtain a facility use permit. As noted above, the Contractor focused his efforts on “following the cash.” Allenton’s cash-handling practices, as described in detail in this report, constitute the ethics violations.

XVII LOSS TO THE DISTRICT

Because of the undocumented system of handling cash that Allenton implemented, it is difficult to identify precisely the amount of money that the District has lost by Allenton’s actions. The Contractor is dependent on Allenton’s record-keeping system to identify how much was actually collected at the door. Allenton is the only one who kept records which, in some instances, consist of Post-It notes and handwritten notes on paper.

The Contractor’s best estimate is that Allenton’s cash payments of **\$10,945** represent the amount of money the District has lost and should be reported to the State Auditor’s Office, pursuant to RCW 43.09.185, which requires state agencies and local governments to immediately notify the SAO in the event of a known or suspected loss of public resources or other activity.

This sum represents:

- Cash payments to her daughter and son (\$6,350)
- Gifts to parent volunteers, teachers and students as well as her daughter and son (\$4,595)

Even though this amount represents a loss to the District, the Contractor did not find specific evidence of fraud. The lack of proper accounting procedures, however, makes it impossible to verify the amount of cash collected at the door. Without adequate records, the Contractor cannot determine whether fraud did -- or did not -- occur.

One final comment: the cash payments to parents to reimburse them for expenses are not included in the sum because many parents would likely have submitted the receipts and received a check from the District. Although the Contractor concludes that Allenton’s practices violated **Section 5 (Misuse of Position)** -- see discussion at pages 14-15 of this report -- there probably was no significant loss to the District except for a few items, such as the payment of \$224 to reimburse her daughter for Uber transportation. The Contractor’s inspection of the receipts and spreadsheets suggests that a majority of these expenses appear legitimate. Nonetheless, Allenton’s cash reimbursement system improperly bypassed procedures that the District has established for ensuring proper review of expenses.

APPENDIX A

Tasks Performed

The Contractor performed the following tasks as part of this investigation:

1. Reviewed the complaint (February 6, 2024) submitted by Dr. Maria Breuder, the principal of Hazel Wolf, to the Human Resources Department.
2. Reviewed several hundred emails received by or sent by Allenton on the District email system between August 1, 2022 and May 17, 2024.
3. Reviewed relevant District policies, procedures and guidelines, including the Ethics Policy, the Associated Student Body (“ASB”) Procedures Manual, the Anti-Nepotism Guideline, the General & ASB Fund Cash Handling Procedures, and the Gift Cards Procedure.
4. Reviewed the Office of Internal Audit’s prior audit of Hazel Wolf (September 4, 2018).
5. Reviewed District payroll documents showing the amount that Allenton had received in stipends and extra time pay for her work on drama and music productions.
6. Reviewed District facility use permits for events that Allenton produced at Hazel Wolf between September 2022 and March 2024.
7. Participated in a Teams call with Medina, O’Hara and representatives from the State Auditor’s Office to discuss this investigation on March 26, 2024. In attendance for the SAO were auditor Carmen La, assistant audit manager Eileen Du and audit manager Joseph Simmons.
8. Interviewed Principal Breuder by phone on March 29, 2024 and again on April 26, 2024, May 17, 2024 and June 18, 2024.
9. Interviewed Allenton with her union representative Uti Hawkins (Seattle Education Association) by Zoom on April 17, 2024 and May 1, 2024. Senior internal auditor O’Hara participated in the second interview.
10. Reviewed additional emails provided by Allenton after the April 17, 2024 interview.
11. Reviewed additional emails provided by Allenton after the May 1, 2024 interview.
12. Interviewed Hazel Wolf administrative assistant and office manager Evelyn Shelby by phone on April 19, 2024, and in person at the school on May 10, 2024, and by phone on June 18, 2024.
13. Interviewed former Hazel Wolf principal Debbie Nelsen by phone on April 23, 2024.
14. Interviewed Hazel Wolf teacher Alyssa Powers by phone on April 25, 2024.

15. Interviewed Hazel Wolf employee Traci McCallick by phone on April 26, 2024.
16. Interviewed Hazel Wolf volunteer Nicole Gibbs by phone on April 30, 2024.
17. Interviewed Hazel Wolf assistant principal Kristen Eckert by phone on April 30, 2024, and in person at the school on May 10, 2024.
18. Interviewed Hazel Wolf volunteer Dan Suiter by phone on May 2, 2024.
19. Inspected binders of receipts and other financial information compiled by Allenton and made available at Hazel Wolf on May 10, 2024.
20. Interviewed Hazel Wolf teacher Carrie Widener by phone on May 20, 2024.
21. Interviewed ASB trust analyst Karen Hardy by phone on May 21, 2024 and June 12, 2024.
22. Interviewed Human Resources manager Denise Williams by phone on June 10, 2024.
23. Interviewed Hazel Wolf PTSA treasurer Kim Steffensmeier by phone on June 11, 2024.
24. Interviewed Hazel Wolf teacher Ilan Speizer by phone on June 11, 2024.
25. Interviewed Hazel Wolf teacher Joseph Bailey-Fogarty by phone on June 11, 2024.
26. Interviewed Hazel Wolf assistant principal Jason Winston by phone on June 12, 2024.
27. Interviewed former Hazel Wolf PTSA treasurer Sarah Burris by phone on June 13, 2024.

APPENDIX B

Chronology of Events

Since joining Hazel Wolf K-8 School in 2022, Crystal Allenton has directed and organized a variety of music and drama activities, including class and after-hours performances, field trips to attend professional performances and fundraising.

There was no charge for students to participate in some activities.¹ For most events, however, Allenton used the District's online SchoolPay system to collect money in advance (credit card payments) for participation fees or tickets to performances.² The Contractor can trace the flow of money from those events.

Where cash was collected at the door -- as was the case for three events described in the text of this report -- the Contractor's job became more difficult.³

The chronology below focuses on performances at Hazel Wolf where cash was collected at the door for ticket sales, concessions and donations, and not promptly deposited at Hazel Wolf and recorded in the SchoolPay system.

As part of the Contractor's work, he reviewed Allenton's emails that show she discussed ambitious plans for the music and drama program ("Show Choir") within weeks of starting at Hazel Wolf. Allenton said she wanted to create after-school music and drama clubs that would offer opportunities to students of different ages and that would also generate significant revenue for:

- Future performances (e.g., license fees, sets, costumes).
- Scholarships for students.
- Reimbursements to pay expenses incurred by parent volunteers.
- Stipends for choreographers and artistic directors.

¹ On May 24, 2023, for example, Allenton directed the 2nd and 3rd grade school concert. The students participated without paying tuition or fees. Parents did not pay to attend the performance.

² On September 28, 2023, for example, Allenton arranged for students to attend a professional performance of *Little Mermaid* at the 5th Avenue Theatre. Participation fees were collected through credit card payments in SchoolPay. On December 3, 2023, Allenton arranged for fundraiser performances of *Jungle Book* at a Barnes & Noble store. Parents gave money to the store, which then allocated it to Hazel Wolf. With these funds, Allenton purchased items for a music library. On December 14, 2023, Allenton arranged for students to attend a performance of *The Nutcracker* at the 5th Avenue Theatre. Fees were collected in SchoolPay.

³ The three performances were *Little Mermaid* (April 2023), *Jungle Book* (December 2023) and *Clue* (January 2024).

- Gifts to teachers and parent volunteers for assisting on the productions.
- Travel and conference registration fees (“professional development”) for herself.⁴

In these emails, Allenton referred to the money raised and spent at Hazel Wolf as a “fund” or a “revolving fund” that she could control. But there was not -- and is not to this day -- a separate fund that is controlled by a teacher. All monies raised from Allenton’s events are considered part of the school’s General Fund (if the performance is a class event) or the ASB Fund (if the performance is an extracurricular event).

Requests for Stipends

1. On **August 18, 2022**, shortly after starting as a District employee, Allenton emailed Debbie Nelsen, the principal at Hazel Wolf, explaining that “I hope to run lots of before and after school clubs.” She inquired about District stipends for working on these projects.
2. On **August 24, 2022**, Allenton emailed administrative assistant and office manager Evelyn Shelby (“Shelby”) inquiring about “the process to get volunteers cleared for the school. “I usually like to have my oldest, who is 18 [her daughter Natalie] to come help with choreography.” Shelby told Allenton to “check out the volunteer page on the District’s website.”
3. On **September 5, 2022**, Allenton emailed Principal Nelsen about the “immediate need” to establish a budget for her activities, including a school musical. Nelsen replied the same day. There is not a specific budget for music performances, Nelsen said. “We [the school itself] pay for it and whatever else is needed through school funds, and then we use the proceeds to pay it back...”
4. On **September 26, 2022**, Allenton emailed Shelby about attending a professional development workshop with a fee of \$60. “You’ll just need to fill out a form and attach a receipt,” Shelby replied. Allenton responded: “I’m down to pennies til payday and going to the foodbank tonight with my kids.... Is there anything we can do?” After several emails, Shelby arranged for Hazel Wolf to pay the fee. “You are the best ever!!!” Allenton replied.
5. On **September 28, 2022**, Allenton requested and received budget information on the previous year’s musical, *We Will Rock You*, which was produced by her predecessor at the school. Principal Nelsen provided a one-page spreadsheet, which showed that the school had collected \$9,296 from student participation fees, online ticket sales and cash sales at the door. Approximately \$6,300 was spent on stipends for teachers and parent volunteers. (Details of these transactions are not known.)

⁴ None of the proposed travel for professional development occurred, Allenton told the Contractor. Email from Allenton on May 17, 2024. A review of District records, conducted for the Contractor, did not reveal any travel expenses for Allenton.

6. On **October 10, 2022**, Allenton emailed a Hazel Wolf PTSA representative and inquired whether she could use PTSA contributions to attend a music conference in Bellevue and whether she could order props for concerts “without having to do reimbursements” because “I am a single mom and this is always tricky for us.” It is not clear how the PTSA responded.
7. On **October 28, 2022**, Allenton asked Principal Nelsen whether she could share part of her stipend with a fellow teacher who had contributed to a performance or “maybe we can offer her a thank you gift out of the budget, instead of a larger support stipend. Let’s wait a bit longer to see what would be good...”.
8. On **December 12, 2022**, Allenton informed Principal Nelsen that she was “working on getting Natalie (my daughter and *Little Mermaid* choreographer) cleared to volunteer earlier tonight.” Allenton added, “the online paperwork has questions about compensation indicating that she is not a standard volunteer. Since we will give her a stipend for her work with the musical, is there anything she needs to do to be cleared to work on this project?” [Underlining added for emphasis.] It is not clear how Nelsen responded.

Cash and Gifts for Volunteers

9. On **January 25, 2023**, Allenton emailed parent volunteer Traci McCallick about allowing administrative assistant Shelby to buy an Amazon gift card for the student winner of a T-shirt design competition for *Little Mermaid*, the upcoming school musical.

In addition, Allenton suggested that she wanted to “upcharge” (increase) the price of the T-shirt by \$1 to other parents so she could give the student a free shirt and also give flowers to unnamed volunteers. “Let me check into this,” McCallick responded the next day, “they get strange with gift cards. I’ll grab a \$20 gc [gift card] for Amazon for you and consider it a school donation.” It is not clear if McCallick bought the card with her own money.

10. On **February 2, 2023**, Allenton emailed the T-shirt printing company with instructions. “Let’s upcharge everything by \$2. I want to make sure that the director, choreographer, and the person designing the shirts get a free one.”
11. On **February 28, 2023**, Allenton emailed a group of parent volunteers and teacher Alyssa Powers in advance of a meeting the next day. “The top secret idea that I wanted to talk about tomorrow is educational travel.” Among the locations for possible student trips were Disneyland in California, Disney or the Universal theme park in Florida, New York (Broadway performances) and Hawaii for cultural performances and visits to historical monuments. “My favorite as a starter is LA due to reduced airfare and west coast locale. We can partner with an educational tour company or set the trip up ourselves.”

12. Meanwhile, Allenton proceeded with plans to direct *Little Mermaid*. On **March 13, 2023**, roughly six weeks before the performance, Allenton emailed volunteer McCallick. “I’m also hoping we make boatloads of money,” she wrote. “I know I’ve said this before, but I really want to pay you guys [the volunteers].... Just trying to figure out our options...even though I know you said you are volunteering.” [Underlining added for emphasis.]

Cash for Allenton’s Daughter

13. On **April 18, 2023**, Allenton emailed Principal Nelsen and administrative assistant Shelby informing them that she had “hired” teacher Alyssa Powers, who built and designed sets, and that “we will also give a stipend to Natalie, our choreographer, but [we] can pull that from cash at the door since she is not an employee.” Neither Nelsen nor Shelby appear to have responded to Allenton’s description of how she would pay her daughter. This email is the first reference that the Contractor could find where Allenton informed others that she intended to take cash from door sales. No dollar amount was mentioned.
14. On **April 28-30, 2023**, Allenton directed five performances of *Little Mermaid*. Tickets cost \$10 for adults and \$5 for students. Attendees could pay in advance using the SchoolPay system or with cash or check at the door.
15. On **April 29, 2023**, after the second day of the *Little Mermaid* performance, Allenton paid \$1,500 in cash to her daughter for serving as associate artistic director and choreographer.⁵ The money came from cash collected by Allenton from door sales.
16. On **May 1, 2023**, Allenton gave \$200 in health spa gift cards and \$20 in flowers to three parent volunteers who had helped with costumes. The total -- \$660 -- also came from cash proceeds Allenton collected from door sales.⁶
17. Also on **May 1, 2023**, Allenton emailed Shelby saying that she planned to drop off cash from *Little Mermaid* door ticket sales and concessions for the school safe. It is not clear whether she did so on this day. In an email with the Contractor, Allenton said she deposited \$2,155 but there are no receipts or documentation for this transaction.

⁵ The payment is not reflected on the Excel spreadsheets provided by Allenton to Principal Breuder on February 5, 2024 or to the Contractor. Instead, the Contractor discovered the \$1,500 payment on different spreadsheets (dated June 26, 2023 and July 19, 2023) when he reviewed the results of an email search between Allenton and Shelby.

⁶ The payments are reflected on an Excel spreadsheet provided by Allenton to Principal Breuder on February 5, 2024 and shared with the Contractor.

Unrecorded Leave Time

18. On **May 3, 2023**, Allenton emailed Principal Nelsen requesting permission to leave early that day. Allenton said she had driven to Olympia to pick up shirts and hoodies for the *Little Mermaid* cast and crew, and she asked for permission to leave early because she had a morning flight to the Disney Imagination Campus Celebration at Disneyland Resort in California (paid for by Disney).⁷

Allenton wrote:

“Unfortunately, I didn’t make it home until 10....We have to be at the airport by 4:00 a.m. tomorrow morning, and I want to make sure that I am my best self for the Disney trip, TV, and parade feature. If it’s OK with you, I’d like to leave after [the] kids leave this afternoon at 2:10....Please let me know if you want me to submit 1.5 hours leave. Thanks for your understanding.”

Nelsen replied a few minutes later:

“Free to leave whenever you can don’t worry about submitting anything. And if you can submit a final accounting of all the costs and payments with the musical so we have that for auditing reasons, that would be great. But no hurry.” [Underlining added for emphasis.]

More Money for Volunteers

19. On **May 10, 2023**, Allenton emailed Principal Nelsen:

“The show [*Little Mermaid*] did very well financially. We have come out ahead. This is mostly because a few key people who we should have paid wanted to be under volunteer status this year, but have agreed to a possible stipend in the future. I would like to make sure that we have this money set aside and that it is secured for only the music/drama department. If this cannot be guaranteed, we are forced to begin working on costumes in advance and purchasing new sound equipment immediately. If permitted, we could also begin to save it for performing arts travel. I just can’t bear it falling back into the general fund...I’m wondering if there is anything we can do to earmark this money that we have raised to stay in our department.” [Underlining added for emphasis.]

⁷ Allenton was among the 100 educators around the country selected for the event. Disney announced the selection on May 1, 2023. Allenton had applied for the award in November 2022. She was one of 100 “inspiring teachers” from 39 states selected. The event took place between May 4-7, 2023.

Later that day, Allenton sent a second email to Nelsen:

“We should have \$4,000 in the bank with a few adjustments....We made a good chunk of money that should support future projects including scholarships, possible travel, and fees should we ever choose to perform at a high school theatre. I also really want to keep a revolving fund so we can pay our volunteers who put in so so many hours. It would be great to have at least a technical director, production manager, and costume lead in addition to our choreographer [her daughter] and occasional art lead. Finally, keeping the rollover will also help us stay in the black for future projects that have smaller casts, which will mean lower tuition/enrollment and potentially fewer ticket sales.” [Underlining added for emphasis.]

20. On **May 14, 2023**, Principal Nelsen emailed Allenton saying that she would make sure the new principal -- Dr. Maria Breuder, who was scheduled to assume duties in July -- knew about the \$4,000 surplus generated by Allenton’s productions.
21. On **May 15, 2023**, Allenton responded by saying it is “super nice to know this [the \$4,000] can rollover with the new principal.”

Allenton added:

“The only other thing that would be nice that I haven’t mentioned for a while is sending me to PD [professional development]. The elementary Orff music conference is in New Mexico this year in November and the annual teachers conference is in New York in August I believe. If we can pull a bit from this and from what we make on camps this summer I’ll continue to take all the PD I can get.” [Underlining added for emphasis.]

22. On **June 5, 2023**, Allenton emailed Shelby inquiring if she had gone to the bank to deposit cash that Allenton had given her previously from *Little Mermaid* door sales. “I realized I probably should have just taken the full amount for the summer choreographer [her daughter Natalie]. If it’s still there, I’ll grab the other \$500.” Shelby responded: “It all sounds good. I’m out of the office today. See you tomorrow.” Allenton replied and repeated her request. “I am hoping to pull the second \$500 from the cashbox [the school safe] per my previous email. I have it recorded under cash tickets and concessions as part of the excel [spreadsheet]. Once I have it fully updated, I will send the record again.”

Advance Cash Payment for Allenton’s Daughter

23. On **June 6, 2023**, Allenton gave \$1,000 in cash to Natalie as advance payment for her work as choreographer and “guest artist” for two July summer camps at Hazel Wolf.⁸

⁸ This payment was disclosed in a financial summary for the two summer camps (*Frozen* and *Annie*) obtained in a review of Allenton’s emails.

24. On **June 8, 2023**, Allenton emailed Principal Nelson and Shelby with a description of the finances for the summer camps:

“I have done the calculation estimates and my stipend will be \$6,000 for the summer camp school pay [sic]. I have a budget excel [spreadsheet] created that includes the choreographer stipend, snacks, crafts and the theatre ticket PD hotel and flights.

\$6,000 is more than my other stipends this year, but it is a reflection of direct money in and the fact that I will be working full time for an entire extra month this summer plus all of the work winter/spring 2023 to get the project off the ground. It is a self-contained financial program that fully supports itself in additional to creating the opportunity for me to do more PD.” [Underlining added for emphasis.]

25. On **June 20, 2023**, SchoolPay records show that \$584 was deposited from cash sales at *Little Mermaid*. The amount deposited represented only about 11% of the total collected at the door. See **Table 2** at page 10 of this report. The remainder of the funds had been distributed by Allenton to pay her daughter, buy gifts for parents, and reimburse parents for expenses incurred for sets, props and other items.
26. On **June 26, 2023**, Allenton emailed Nelsen and Shelby reminding them that she had received approval from Nelsen to use the “carry over” -- the excess funds from *Little Mermaid* -- to fund a flight and hotel for herself for professional development. A spreadsheet attached to the email indicated she planned to go to New Mexico. The excess funds would also pay for classroom supplies and show rights. “Please remember to discuss [this] with Dr. Breuder,” Allenton wrote. Two upcoming summer camps at Hazel Wolf, Allenton wrote, should produce no “carry over” funds once all the expenses are calculated and “we have my PD travel booked.”
27. In an undated attachment, Allenton acknowledged that one of the purposes of the summer camps was to provide revenue for her own professional travel. “In addition to providing opportunities for kids, the camp was developed to generate income for Crystal to attend professional development [activities].” The spreadsheet included an estimated \$600 for a flight to Florida and \$700 for a hotel there.⁹

Summer Camps

28. In **July 2023**, Allenton held two summer camps at Hazel Wolf. Each camp lasted a week, and students paid \$200 as a participation fee (tuition) in advance. The District paid Allenton a \$6,000 stipend for her work.
- The first camp was for K-1 students on July 10-14, 2023. The students performed *Frozen*. No money was collected at the door.

⁹ Allenton said none of the trips occurred. See footnote 4 at page B-2.

- The second camp was for 2nd and 3rd grade students on July 17-21, 2023. The students performed the musical *Annie*. No money was collected at the door.
- There were no public performances. Instead, the students performed a short excerpt (a 15-minute “showing”) for parents on the last day. There was also a brief reception with families.

Principal Breuder’s Questions

29. **On July 31, 2023**, Allenton informed Principal Breuder about her plans for the upcoming school year. The plans included Show Choir performances of *Jungle Book* (after school activity), a performance of *Clue* (the drama class production), an all-school spring musical (*Honk*) and a summer program (*High School Musical*).¹⁰

30. **On August 23, 2023**, Breuder emailed former principal Nelsen with questions about grants and programs, including Allenton’s stipends for extracurricular work. Allenton had asked Breuder about a \$3,500 stipend for Show Choir (e.g., the *Jungle Book* performance planned for December). Allenton is “wanting that [stipend] to be paid all up front in October [in advance of the performance]. I am not familiar with this stipend....where does that funding come from? My experience with stipends is that they are paid throughout the year and not in a lump sum? I am not familiar with this one,” Breuder wrote. [Ellipses in the original text.]

Nelsen responded three days later. “Hi, what’s nice about Crytal’s two stipends, one for show choir and one for [the] musical, is that she raises the money through their sign up fee. She has spreadsheets from last year if you want to see them,” Nelsen wrote. “Since last year was her first [year] we didn’t set up an official stipend but paid it to her when she asked, usually tied to when she needs it for her sons [sic] tuition or something like that, and paid through extra hours.”

31. **On August 25, 2023**, in response to questions from Breuder, Allenton explained that:

- “I keep a very good record of our money in and out with the help of Traci McCallick our production manager and former PTSA treasurer.”
- Show Choir generates income for the school from grant(s), tuition sales, ticket sales and field trips.
- Although there is not a specific drama/music account at Hazel Wolf, “it is imperative that our money earned stays in our department to accomplish the goals we have and to continue to be able to offer scholarships to kids.”

¹⁰ See page 1 of timeline prepared by Principal Breuder and submitted as part of her February 6, 2024 complaint to the HR Department (“Breuder Timeline”).

- “My stipend is \$3,500 per show and \$6,000 for summer (which basically entails an extra month of work).”
- “I give up my planning time several times a week” [part of her teaching duties] for extra-curricular activities.
- There is a \$1,500 “choreographer stipend” for Natalie “after ticket sales.” The email did not identify that Natalie was her daughter. Nor did it make clear that the money to pay Natalie came from cash that Allenton had collected at the door and took home with her after the performance.
- “I will attend as much PD [professional development events] as possible...Some of these expenses can be covered by our fund, but in the past the school has also helped with registration, membership fees, and subs [the cost of substitutes].”

32. Also on **August 25, 2023**, Breuder -- along with Assistant Principals Kristen Eckert and Jason Winston -- had a Teams call with HR manager Denise Williams to discuss the music and drama programs at Hazel Wolf. “There is a lot of money going in and out of these programs,” and “there are concerns” about making sure all policies and guidelines are followed, Breuder told the participants.¹¹ Williams recommended talking with Amy Fleming in the Accounting Department and ASB analyst Karen Hardy because of possible ethics violations raised by Allenton’s practices.

33. Also on **August 25, 2023**, Breuder, Eckert and Winston had a Teams call with ASB analyst Hardy, who offered the following comments:¹²

- The expenditure of ASB funds needs to be approved by the ASB. The ASB Council of 7th and 8th graders needs to keep minutes. For activities for younger students (K-6), the principal must approve.
- The ASB does not pay stipends.
- Extra time is permitted up to a certain amount. Time sheets must be submitted to Hardy.
- Money is received through SchoolPay.
- Field trip money goes through the ASB.
- Personal services contracts are needed for the choreographer or anyone else working with students, along with a business license and W-9.

¹¹ Breuder Timeline, page 3.

¹² Breuder Timeline, page 4.

34. Also on **August 25, 2023**, Breuder, Eckert and Winston had a Teams call with Accounting Department manager Amy Fleming who said:¹³

- If the activity is not part of the curriculum and is not required for grading, it needs to go through the ASB.
- “Tuition” fees are against the law.
- The school should change the wording to a “fee” or “donation.”
- The ASB cannot pay a stipend or extra time in advance (for work not completed).

Principal Breuder’s Instructions to Allenton

35. On **August 29, 2023**, Breuder and Assistant principal Eckert met with Allenton to discuss the upcoming drama and music performance schedule. Breuder said she clearly told Allenton that:¹⁴

- All money raised from performances must go through the ASB.
- Remove the word “tuition” from flyers and materials about the events.
- Going forward, the school would not pay a stipend to Allenton but would allow her to receive extra time compensation.
- The PTSA has historically “put in dollars to support the shows” at Hazel Wolf.

36. On **September 19, 2023**, Allenton emailed her daughter Natalie and son Judah regarding their applications to become volunteers. Her email included relevant District policies that had apparently been forwarded to her by another District employee. “Some of the information I am going over with volunteers includes SPS policies that we have to abide by, which is for the safety and security of our students AND volunteers,” the employee had written. “These are policies that all SPS staff also abide by, so I am including them here.” Among them was the Ethics Policy, which Allenton sent to her daughter and son.

37. On **October 21, 2023**, Allenton emailed her drama class students and families. “Our Associate Artistic Director and Choreographer Natalie Allenton will be joining us [in rehearsals] beginning October 31. Be prepared to be called for a few potential after school rehearsals for Clue cast and/or crew. Keep an eye out for scheduling emails.” [Underlining in the original text.]

¹³ Breuder Timeline, page 4.

¹⁴ Breuder Timeline, page 4. See, also, Breuder Fact-Finding Summary, page 1, submitted as part of the February 6, 2024 complaint to the HR Department.

38. Also on **October 21, 2023**, Principal Breuder emailed school staff to remind them of a mandatory meeting on Wednesday, October 25. Allenton responded: “This Wednesday I have *Jungle Book* rehearsal from 2:10-4:30. I always try to avoid staff meeting days for rehearsals. Sorry I will miss this one. Schedule has already gone out to families.” Breuder replied: “I did not know that the show choir [*Jungle Book*] rehearsals were scheduled for Wednesday. These will need to be moved to another day, including this Wednesday’s rehearsal, as this is contractual professional development for staff.”
39. On **October 30, 2023**, Assistant Principal Eckert emailed Allenton when Eckert noticed “callback” rehearsals scheduled after school was out but during the time that teachers were supposed to fulfill contractual obligations. “As a reminder, Wednesdays are professional development days. This Wednesday is a red day, which is an opportunity to connect with colleagues around the district or in the building. It is teacher directed time. If you have not already, please reschedule the callbacks for a different day.”
40. On **November 6, 2023**, Allenton emailed Principal Breuder and Assistant Principal Eckert with information about upcoming summer camps in 2024. Payment for participation fees is due April 1, 2024, she wrote.
41. On **December 3, 2023**, Allenton arranged for students to attend a proposed Filipino dance class at Hazel Wolf on January 22, 2024. Allenton emailed the coordinator of the performance that Allenton would collect “\$20 at the door per student (No PO or after pay. Will give cash directly to you).”
42. On **December 7-10, 2023**, Allenton directed the musical *Jungle Book* at Hazel Wolf. Tickets cost \$10 for adults and \$5 for students. Attendees could pay in advance using the SchoolPay online system or with cash or check at the door.
43. On **December 12, 2023**, Allenton deposited \$1,740 from *Jungle Book* door sales and concessions with administrative secretary Shelby. Although Breuder had instructed Allenton in August 2023 to follow ASB procedures, which require all cash to be deposited promptly, the amount represented only 30% of the total cash collected at the four *Jungle Book* performances. See **Table 2** at page 10 of the report.
44. On **December 13, 2023**, Allenton emailed Shelby when Allenton learned that the school had received \$7,675 from advance online ticket sales from *Jungle Book*. “Woohoo! Awesome!” Allenton responded. “We did pretty well on this show. I will finalize the excel [spreadsheet] and send to you for accountability. We are going to make a few larger purchases for the stage with some of the extra [money] after we reimburse expenses and pay staff.” [Underlining added for emphasis.]

45. On **December 21, 2023**, Allenton emailed fellow teacher Alyssa Powers, two parents volunteers as well as her daughter and son about purchases for upcoming 2024 performances. “Just sent you all a text. Please order to replenish supplies and think ahead to what we may/will need for CLUE, Honk, and High School Musical. Please do NOT be conservative.”¹⁵ [Capitalization in the original text.]

Rehearsals for *Clue*

46. On **January 4, 2024**, Principal Breuder emailed Allenton about concerns that “some students are feeling very stressed out about attending [rehearsals for *Clue*, the drama class performance] outside of school hours.

Breuder wrote:

“I know the message is that these are optional rehearsals, but most students do not feel like they are optional, and this causes anxiety about having to attend rehearsals outside of the school day....

I know you are doing so much to get ready for the performances, and we really do appreciate all of your hard work. That said, this is part of the drama class, and the bulk of the work (including rehearsals) should be during the drama class. Students cannot be required, or even encouraged, to attend rehearsals after school as part of the requirements for the class. This is an equity and access issue.” [Underlining added for emphasis.]

The Performance of *Clue*

47. On **January 18-20, 2024**, Allenton directed *Clue*. Performances were held at 6 p.m. at the school. All students in the class participated as part of the cast or crew. Unlike other events, tickets were not sold in advance in SchoolPay. Cost: \$10 for adults and \$5 for students at the door. In addition, Allenton solicited donations that were put in a jar. Principal Breuder and Assistant Principal Eckert attended one of these performances and told the Contractor they were both surprised to see that Allenton was charging admission and asking for donations.
48. On **January 22, 2024**, dancers from the University of Washington performed Tinikling (native Filipino dances) at Hazel Wolf. Allenton paid the four performers \$20 each from cash collected at *Clue*.

¹⁵ The performance of *Honk* took place in June 2024. *High School Musical* was a planned summer 2024 event that was subsequently canceled by Principal Breuder.

49. On **January 30, 2024**, Breuder and Assistant Principal Winston met with Allenton to discuss the handling of cash and other items. According to Breuder's notes -- which were submitted as part of her complaint -- the following items were discussed at this meeting:¹⁶

- Activities for which Allenton is paid a stipend or extra hours need to occur outside of time that is reserved for regular teaching duties.
- The ASB needs to approve stipends and costs for ASB activities.
- Allenton should phrase requests for money for the upcoming *Honk* performance as a suggested donation, not a fee.
- All money collected needs to go through SchoolPay.
- All money collected at the door needs to have tickets and receipts for accountability.
- All cash needs to be counted and delivered to the school safe not later than the next morning if cash is collected at evening performances.

In the meeting, Allenton -- according to Breuder's notes -- acknowledged that she had not yet deposited the funds from the *Clue* performances. "When asked why, she stated that she 'needed to have money available to get small gifts for some of the volunteers.'" Breuder said she told Allenton that "we cannot use public dollars for gifts," even small gifts for volunteers.¹⁷

After the meeting, Breuder emailed Allenton with specific instructions:

"Any money that has not yet [been] deposited from Clue or from music/drama needs to be brought to the office today to be put in a safe and get deposited ASAP." [Underlining added for emphasis.].

In the email, Breuder also told Allenton:

- Do not discuss programming (performances or classes) with families or students until you have clearance from me.
- Do not discuss schedules with students or families, especially.
- Copy me on any communications you have with students and families.

¹⁶ Breuder Timeline, page 9.

¹⁷ Breuder Fact-Finding Summary, page 1.

Breuder said she wanted to schedule a follow-up meeting within a few days. In a second email that day, Breuder wrote: “Please note that you can bring your SEA rep to the meeting...”. The meeting was scheduled for Monday, **February 5, 2024**.

50. On **January 31, 2024**, Allenton submitted \$574 to administrative assistant Shelby for deposit in SchoolPay. This sum reflects two cash deposits (\$518 and \$16) and two checks for \$40 (total).

Principal Breuder Requests Financial Information

51. On **February 1, 2024**, Breuder emailed Allenton asking Allenton to bring financial information about past performances to the February 5 meeting:
- Accounting information about the money in and out for *Jungle Book* and *Clue*.
 - Expenditures for any services (i.e., did you pay your daughter to be the choreographer for either performance and how was she paid? Did you purchase any gifts for volunteers or other people who helped with either performance, and how were they paid?)
 - Donations -- please make sure to account for any donations and where those dollars were expended or deposited.
 - Emails about fees for your programs.

Breuder instructed Allenton not to send registration forms to parents for the upcoming summer camps at Hazel Wolf. “We will discuss this further on Monday [February 5].”

52. On **February 5, 2024**, Breuder, along with Assistant Principals Eckert and Winston, met again with Allenton to discuss financial issues related to shows and performances. Others in attendance were two SEA representatives, Carrie Widener and T.J. Breyse (both Hazel Wolf teachers).

Breuder said money raised from *Clue*, a drama class production, should be deposited in the school’s general fund. Money from activities like *Jungle Book*, which are not part of the curriculum, should have been deposited in the ASB fund. All dollars raised from school and ASB activities are public monies.

Allenton provided three spreadsheets with information. The first showed “money in and out” (a summary) from the *Little Mermaid* performances in April 2023. The second contained a financial summary of the *Jungle Book* performances in December 2023. The third contained additional information about *Jungle Book* and “money in and out” from *Clue*. Among the items was a list of gifts -- paid for in cash -- to recipients.

Breuder's notes from the meeting (submitted as part of her complaint) described the following discussion with Allenton:¹⁸

- ASB rules must be followed, including the use of numbered tickets, Breuder said. Cash must be deposited within 24 hours.
- Allenton asked whether she could continue paying cash to volunteers and others. "No one can be paid with cash anymore," Breuder said.
- Allenton expressed doubts about Breuder's instructions. "The thing that makes me most concerned is the time...I am putting in 60 hours a week on a weekly basis. It makes me upset that I have to choose between teaching and directing. I'm not saying I'm not willing to comply."
- At one point in the discussion, Allenton said, "I feel like we are trying to throw the baby out of the bathwater...I am fearful that I won't be able to do some of these other things while being a district employee. I am fearful my daughter won't be able to continue her career."
- Allenton agreed that she would no longer take cash from tickets and concession sales at the door.
- But Allenton voiced doubts that she could continue teaching and comply with the District's rules of conflict of interest and ethics at the same time.

53. On **February 6, 2024**, SchoolPay records show that \$574 was deposited from door sales at *Clue*. It is not clear why the money was not recorded on January 31, 2024, when the cash was apparently given to administrative assistant Shelby. This sum represents only about 12% of the money collected at the door. See **Table 2** at page 10 of the report.

54. On **February 6, 2024**, Breuder contacted two parents and one teacher who had received cash or gifts from Allenton. The recipients had been identified in the spreadsheets Allenton had supplied Breuder on February 5, 2024.

¹⁸ Breuder Fact-Finding Summary, pages 2-4.

In her complaint, Breuder said she found anomalies:¹⁹

- One parent volunteer told Breuder that she received \$1,000 in cash from ticket sales for helping with costume design on *Clue*. But Allenton’s spreadsheet, according to Breuder, showed the parent also received \$500 in cash for her work on *Jungle Book*.²⁰
- Another parent was listed as receiving \$400 in cash for technical direction but in an interview with Breuder said he was paid \$500.²¹
- A teacher at the school, Alyssa Powers, told Breuder that she received approximately \$300 but could not remember the exact amount. The spreadsheet showed that Powers received \$500 for serving as the “art lead” on *Clue*.²²

An “Open Investigation”

55. On **February 6, 2024**, Breuder emailed Allenton with a summary of what was discussed at the meeting the previous day. Breuder asked Allenton to please “make sure to adhere to the following [actions] moving forward.”

- Schedule rehearsals outside of contract time.
- Deposit all money associated with *Honk* [scheduled for June 2024] to the ASB account within 24 hours.
- Obtain extra time approval by the ASB through Karen Hardy (ASB analyst).

¹⁹ These anomalies were cited in Breuder’s Fact-Finding Summary, page 4, submitted to the HR Department.

²⁰ Breuder appears to have misinterpreted this entry in Allenton’s spreadsheet. The \$500 represents the value of gifts given to three recipients, including the parent, for their work on *Jungle Book*. The parent, who is identified as Parent A in Table 4 at page 13 of this report, received a \$200 gift card and \$25 in flowers (\$225 total). The Contractor interviewed Parent A, who confirmed that \$1,000 was the total amount she received in cash from Allenton.

²¹ This anomaly also appears to be a misinterpretation. Allenton’s spreadsheets show that Parent D received a total of \$1,000 in cash (\$500 after *Jungle Book* and \$500 after *Clue*) as well as a \$50 gift card after *Jungle Book*. See Table 4 at page 13.

²² Although Powers told Principal Breuder she could not remember the exact amount she received for *Clue*, the spreadsheet shows she received \$500 in cash for her work on the performance. In addition, Powers received \$300 in cash after *Jungle Book* and \$25 in flowers. Powers confirmed the cash payments in an interview with the Contractor on April 27, 2024.

- Obtain ASB approval of other expenditures of ASB dollars.
- Gifts cannot be used with these funds.
- Tickets should be numbered.
- The high school summer musical cannot be held onsite at Hazel Wolf.²³

Breuder concluded the email to Allenton:

“This is still an open investigation, so please do not discuss these details about any of this programming with students, families, or staff.” [Underlining added for emphasis.]

56. On **February 6, 2024**, Allenton responded to Breuder’s email. Allenton wrote:

“What does ‘investigation’ mean? This word has not been used in person or written communication before.”

In the email, Allenton attempted to explain the role of her daughter:

“I have been doing some research, and the wording around relatives in the workplace is that one cannot be in a supervisory over another. In the last production [*Clue*], I was listed in the program and on the poster as the producer and Natalie was the artistic director. For Honk it has been planned that we will be co-artistic directors....I am not her supervisor, we are partners. This is not a change I am making, it is how we actually work. Does this solve our Natalie conundrum?”²⁴

57. On **February 6, 2024**, Breuder replied. “The investigation is us looking into the questions and concerns about the use of public funds through programs in which you manage...Part of that investigation was us meeting with you.” Regarding Natalie, Breuder wrote: “Please refer to School Board Policy 5251 [Ethics], Section 4 (Conflicts of Interest).” Breuder attached the policy to the email.

²³ Breuder told the Contractor that she cancelled the two summer camps (*High School Musical* and *Wizard of Oz*) because Allenton had collected participation fees without reserving space at the school. *High School Musical* for grades 6-9 had been scheduled for July 15-21, 2024. Tuition: \$250 for cast, and \$150 for crew. *Wizard of Oz* for grades 2-4 had been scheduled for July 8-12, 2024. Tuition: \$200. Unlike the prior (2023) summer camps, when the school paid Allenton a stipend, Allenton was not being compensated for those events with stipends or extra pay. Nor had the ASB approved the performances. In the absence of ASB support, Breuder said she believed the two summer camps were “private in nature.” Interview with Breuder on March 29, 2024.

²⁴ Allenton’s description of what the District’s Ethics Policy and the Anti-Nepotism Guideline require is not accurate. The guideline refers to “hiring” as well as supervising. Section 4 of the Ethics Policy applies to any District action taken by an employee in which a family member has a financial interest. Thus, the Ethics Policy would apply to a District employee hiring a family member (as Allenton did).

58. On **February 6, 2024**, Breuder submitted her complaint with the District’s HR office. The complaint included: 1) a fact-finding summary (4 pages) prepared by Breuder; 2) a detailed timeline (10 pages) prepared by Breuder; and 3) three spreadsheets (provided by Allenton).

Allegations of Insubordination

59. Also on **February 6, 2024**, Assistant Principal Eckert emailed Allenton to request a meeting to discuss Allenton’s alleged insubordination in not carrying out Breuder’s instructions:

“We would like to meet with you Friday morning [February 9] at 8:30 to discuss allegations that you disclosed details about programs being discontinued to students and parents after being directed not to communicate with students, staff or families about programming as part of the open investigation. Additionally, it is alleged that you have attempted to send out a Talking Points message that differs from what was approved by your supervisor, Dr. Breuder, regarding summer programs that are run by you. You may invite an SEA representative to attend this meeting with you. To be clear, this is an investigation into allegations of insubordination during an open investigation into your use of public funds. You may discuss this with your SEA reps. You may not discuss this matter with students, staff or families.” [Underlining added for emphasis.]

60. On **February 9, 2024**, Breuder and Assistant Principal Eckert met with Allenton to discuss the allegations of insubordination. The outcome of the meeting is not known.²⁵
61. Also on **February 9, 2024**, Allenton emailed Rayna Mathis, the District specialist who manages the District’s Creative Advantage Partnership program that supports arts programs at schools.²⁶

Allenton inquired whether the partnership could pay for Natalie to work at Hazel Wolf. Mathis responded by asking whether Natalie was a District employee. “She is not a district employee,” Allenton replied. “She is a company contracted professional dancer. She has been teaching with me since she was 12 and is now 20. We were going to get her a business license, but learned that that may not be enough. Union [the SEA] suggested that we help her become an arts partner....She just does such high quality work and is definitely qualified. I would hate to lose her on a technicality.” [Underlining added for emphasis.]

²⁵ The alleged insubordination related to Allenton’s communications with parents, not cash collected at the door of performances, but is included here because Breuder had raised the issue of Allenton’s lack of compliance during the investigation and her refusal (from Breuder’s perspective) to follow clear instructions. These concerns were included in the complaint that Breuder submitted to the HR Department, which triggered this ethics investigation.

²⁶ The Creative Advantage Partnership is a city-wide initiative to establish arts programs in District schools. The partnership coordinates its activities with the Seattle Office of Arts & Culture, the Seattle Foundation and more than 100 community arts partners.

62. On **March 26, 2024**, Denise Williams in the HR Department sent the notice of investigation to Allenton informing her that the District had hired the Contractor to conduct an ethics investigation.
63. Also on **March 26, 2024**, Allenton met with Principal Breuder and Assistant Principals Eckert and Winston, along with SEA representative Uti Hawkins, to discuss future musical and drama events. Allenton also discussed her efforts to find an alternative arrangement, possibly with the PTSA, which would allow her daughter to work on Hazel Wolf performances.
64. On **March 28, 2024**, Allenton emailed Breuder and other participants at the March 26 meeting to recap what was said. Among the items discussed and agreed upon at the meeting, Allenton said, were that all tickets in the future would be sold only online via SchoolPay in advance or onsite using a QR code. Ticket sales would not be sold for cash at the door.²⁷ Cash would only be taken for concession sales, and the money will be “counted and recorded and deposited into the school safe immediately after each show on the same day.”

But Allenton added a personal “reflection” on the meeting:

“Yesterday, I received an email [from Denise Williams in HR] regarding a formal investigation that has been sourced to an outside agency [a reference to the Contractor]. Based on our continued conversations, meetings, and restorative practices implemented in building, this notice came as a shock to me. I was confused and felt emotionally unsafe since this formality was not shared and came at a time when I thought we were not only resolving things practically but as a team relationally.”

Allenton said she had attempted to have a private conversation with Breuder but was informed that “these matters must only go through HR and my union rep.”

Allenton added:

“I am not a number, a piece of inventory, or a liability. I am human. I pour my heart and soul into my work because it is my life’s calling. I attempted to reach out directly because it is part of my religion, values, and culture to handle things and resolve things relationally and thoughtfully...”.

²⁷ Tickets were sold for cash at the June 2024 performance of *Honk* but a parent volunteer handled the transactions.

Allenton's Continued Efforts to Hire Her Daughter

65. On **April 11, 2024**, Allenton wrote Dr. Kurt Buttleman, the assistant superintendent for finance (with a cc to Principal Breuder and others), asking him to help Allenton continue to use Natalie as a paid choreographer at Hazel Wolf. Allenton described prior communications with District staff regarding the possibility of using the Creative Advantage Partnership as a source of funding. "Up to now, we are getting mixed responses, and Dr. Breuder suggested that I reach out directly to you sir."

Allenton also asked Dr. Buttleman:

"Are we are able to pay Natalie through the school (personal services contract) **or** via the PTSA to choreograph our shows?" [Boldface in the original text.]

Allenton added, "I am not supervising or evaluating her."²⁸ She is a professional dancer and choreographer." [Underlining added for emphasis.]

66. On **April 18, 2024**, HR manager Denise Williams responded to Allenton's email to Buttleman. Allenton's email had been referred to HR for response. "As you are aware, there is an active investigation into actions that may have occurred prior, related to concerns about accounting, hiring and ethical practices in previous productions."

Williams offered the following comments about Natalie's role:

- "If you are the director of the show and hiring a choreographer, you are the manager of that contractor. Conflicts of interest and nepotism is not allowed...Therefore, your daughter cannot work at Hazel Wolf K-8 under your direction." [Underlining added for emphasis.]
- "The PTSA, however, is not a district body. The Ethics Policy does not prevent the PTSA from hiring and paying your daughter, **if** the PTSA is supervising her. This means, the PTSA must be at rehearsals and all interactions with students to supervise Natalie." [Bold-face and larger font in the original text.]
- "As the director and person responsible for selecting and hiring your daughter for the production, regardless of the way in which she is being contracted, she is still working for you and your production. The Anti-Nepotism Administrative Guideline [see attached], dictates who can and can't be hired. It also speaks to the appearance of favoritism." [Words in brackets in the original text.]

²⁸ This description -- in the Contractor's opinion -- was not accurate. Allenton not only hired her daughter but Allenton was in charge of the productions. Allenton, not her daughter, was listed as the director of the performances. In the case of *Little Mermaid* (April 2023) and *Jungle Book* (December 2023), Allenton was paid a stipend and extra hours by the District because she supervised the performances.

67. On **April 18, 2024**, Allenton replied to Williams. “Thank you, Denise, for this guidance and clear direction. We really appreciate your reply and will make sure that Natalie is not paid for our current production [Honk] or any future shows at Hazel Wolf K8 that I direct.”
68. On **April 20, 2024**, just two days later, Allenton emailed Williams again. In her email, Allenton once again attempted to suggest a way for the District to have Natalie work at Hazel Wolf. Allenton described prior communications that she had sent to District officials to see if the Creative Advantage partnership could hire Natalie or if Hazel Wolf could sign a contract with the School of Spectrum Dance Theatre, where Natalie was a guest artist.

Allenton wrote:

“Can Hazel Wolf PTSA develop a personal services contract with The School of Spectrum Dance Theatre where Natalie is one of the several guest teaching artists we have access to? Could she serve in this capacity where she would then be paid by Spectrum, not directly by our school...If this proposal is approved: Natalie (and any others from that team) would be listed in our show program as choreographer or guest dance artist with a note indicating that they are ‘appearing courtesy of’ or ‘in partnership with’ The School of Spectrum Dance Theatre.”

Allenton added:

“I would like to respectfully acknowledge that many of us included in this email are learning a lot as this process unfolds. As we begin to understand more deeply best practices, I am convinced that if I/we had answers and the right information at the right time, I would not be in the at-risk position that I am in for this specific issue of favoritism/nepotism. I am convinced that if time was given to do this research and find solutions, that this matter need not have been part of the abrupt reporting and investigation.”

69. On **April 24, 2024**, Williams replied. “Please carefully review the policy (Ethics) and administrative guideline (Nepotism) guidance provided previously regarding your continuing inquiry. HR does not have any additional information or guidance to provide on this matter.”
70. On **June 7-9, 2024**, Allenton directed the performance of *Honk* at Hazel Wolf. At the request of Principal Breuder, the cash-handling practices were designed to comply with the ASB Procedures Manual. A parent volunteer, Sarah Burris (who is a former PTSA treasurer and bookkeeper) arranged for the collection and counting of the cash at the door with two the other parents.

Burris gave the cash to Traci McCallick (a parent and Hazel Wolf employee) who deposited it in a cash box each evening at Hazel Wolf. None of the cash left the building, Burris said.

Administrative secretary Shelby entered the deposits (\$4,176.76) into SchoolPay the next business day (June 10, 2024).

Allenton said she was not involved in these transactions²⁹ -- a statement that was confirmed by Burris, who said Allenton had “no role” in counting or depositing the cash.³⁰

²⁹ Email from Allenton to the Contractor on June 12, 2024. Asked if she had personally collected or handled cash from door sales at *Honk*, Allenton responded, “No. I did not personally collect or handle any cash from ticket sales or concessions....We appointed a parent volunteer named Sarah Burris...[who] counted the cash received. Cash was deposited immediately into the safe by a parent volunteer [McCallick].”

³⁰ Phone interview with Burris on June 13, 2024.

APPENDIX C
Seattle Public Schools
Internal Audit Report of Hazel Wolf K-8 School
September 4, 2018



Seattle Public Schools The Office of Internal Audit

**Internal Audit Report
Hazel Wolf K-8 School**

September 1, 2017 through May 31, 2018

Issue Date: September 4, 2018



Internal Audit Report Hazel Wolf K-8 School September 1, 2017 – May 31, 2018

Executive Summary

Background

We completed an audit at Hazel Wolf K-8 School for the period September 1, 2017 through May 31, 2018. Hazel Wolf K-8 School is located in the Northeast Region of Seattle Public Schools. It has approximately 750 students and 60 staff, and operates on an annual budget of \$6 million. Hazel-Wolf is one of the District's larger K-8 schools. The School runs a Science, Technology, Engineering, and Mathematics (STEM) program based on environmental learning.

Although Hazel Wolf K-8 School was the focus of this audit, our primary goal was to evaluate the overall system of controls put in place by the District. The decentralized nature of a school district results in a situation where many key internal control and compliance functions are performed at the individual schools. The audits conducted at the individual schools will help ensure that these key functions are being performed and are having their intended effect. This audit will also help to highlight those areas where the schools may not have clear guidance on the procedures they are expected to perform, and it will identify those situations where they have not been provided adequate resources to perform these key functions properly. In addition to the findings and recommendations noted in this report, the Office of Internal Audit is also using the knowledge gained from the school audits to develop an annual risk assessment that will be used to identify future audit areas.

This audit was performed at the request of the Accounting Department due to concerns they identified regarding cash handling and receipting activities at Hazel Wolf K-8 School.

As one of the District's larger K-8 schools, the office staff often take on additional roles and responsibilities that are typically fully staffed by multiple individuals at middle or high schools. The School does not have a dedicated fiscal specialist or registrar position. Instead, the responsibilities of these functions are built into the normal job duties performed by the School's Administrative Secretary. We acknowledge that the limitation in resources presents challenges to the School's operations. The findings and recommendations identified in this report are not intended to highlight individual shortcomings, but rather are intended to guide employees on correct procedures. We appreciate the School's understanding of the internal audit process, and their desire to work with us on continuous improvement.

Roles and Responsibilities

This audit was completed as part of the Annual Risk Assessment and Audit Plan approved by the Audit and Finance Committee on September 5, 2017. District Management has the primary responsibility to establish, implement, and monitor internal controls. Internal Audit's function is to assess and test the internal controls in order to provide reasonable assurance that the controls are adequate and operating effectively. We conducted the audit using due professional care, and we believe that the evidence obtained provides a reasonable basis for our findings and conclusions.



**Internal Audit Report
Hazel Wolf K-8 School
September 1, 2017 – May 31, 2018**

Audit Objective

To evaluate the School's compliance and internal controls related to cash handling and receipting.

Scope of the Audit

September 1, 2017 through May 31, 2018

Audit Approach and Methodology

To achieve the audit objective, we performed the following procedures:

- Planned the audit in cooperation with central administration staff from Accounting to ensure that we had a strong understanding of the District's compliance requirements.
- Reviewed applicable District policies, administrative procedures, and written guidance provided by departments in central administration.
- Conducted a surprise cash count in order to observe operations in their normal environment.
- Interviewed school staff knowledgeable of each objective area.
- Analyzed available data to corroborate the information obtained.
- Examined accounting records and tested supporting documentation.

Conclusion

Based on the procedures performed, Hazel Wolf K-8 School appears to have adequate controls over cash handling and receipting activities, except for the items noted in this report. This report includes recommendations that are intended to improve the overall accountability and transparency of the objective area.

We extend our appreciation to the staff at Hazel Wolf K-8 School for their assistance and cooperation during the course of the audit.

Andrew Medina

Andrew Medina, CPA, CFE
Director, Office of Internal Audit



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Findings and Recommendations

1) Use of the SchoolPay Automated Point-of-Sale System

The District implemented an automated point-of-sale system called SchoolPay at the beginning of the 2017-2018 school year. The SchoolPay system is intended to improve accountability and efficiency at District schools in response to prior concerns noted with cash handling and receipting. The new system reduces the risk of theft, loss, and abuse, and provides additional benefits, including standardization of the schools' receipting systems, timely financial reporting, and the ability for District families to make credit and debit card payments.

During the audit we learned that the School is not using the SchoolPay automated point-of-sale system as it was intended to be used. With SchoolPay, manual receipts should only be required when there is a power outage or the system is otherwise unavailable. However, the School continues to prepare manual receipts for all funds collected at the Fiscal Office, and enters them into SchoolPay at a later point in time. This process negates the benefits of the SchoolPay system and increases the risk of errors and irregularities. The current practice provides an opportunity for funds to be misappropriated since transactions are not promptly recorded in the system.

Due to improper use of the system, we noted the following concerns:

- Funds are not always deposited with the bank on a timely basis.
- Manual receipts are not always recorded in the SchoolPay system.
- There is a lack of supporting documentation to explain variances.
- The same User-ID and password were being used by multiple office staff members to process receipts in SchoolPay.

Although receipts are not always recorded into SchoolPay, we do not suspect that there is an actual loss of funds.

The current procedures do not provide adequate documentation to safeguard and account for District resources. The School's procedures increase the risk of theft, loss, and abuse and prevent us from providing positive assurance that all funds received by the school were properly deposited into a District bank account.

Recommendation

In order to ensure accountability for public resources; reduce the risk of theft, loss, or abuse; and protect itself and its staff from unnecessary scrutiny, we recommend that the School:



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- Ensure all funds collected by fiscal staff are immediately recorded into SchoolPay, and use manual receipts in the fiscal office only when the system is unavailable.
- Periodically reconcile all manual receipts to SchoolPay to ensure that each receipt has been properly recorded into SchoolPay, is intact in the receipt book, or has been properly voided.
- Each staff member who will be accessing SchoolPay should request to have their own unique User-ID and password from the Accounting Department. These should not be shared with any other staff members to ensure that appropriate responsibility is assigned for each transaction entered into the system.
- Contact the Accounting Department to receive additional training on the use of SchoolPay and proper receipting and depositing procedures.

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2) Cash Handling and Receipting

In addition to not using the SchoolPay system correctly as noted in the previous finding, we identified the following concerns related to cash handling and receipting. These concerns are basic requirements that apply to both the General and ASB Funds.

- Funds are not always deposited into a District bank account once every 24 consecutive hours, as required by the ASB Procedures Manual and State law.
- Funds collected by staff members and students may not always be turned in to the fiscal office on the same day they are collected.
- Funds turned into the fiscal office are not always receipted immediately and in the presence of the depositor.
- Supporting documentation is not required for money collected by non-fiscal staff.
- Receipts booklets used by the Administrative Secretary and issued to locations outside of the fiscal office are not issued in chronological order, and there is no system to track the receipts to ensure that all receipt numbers are accounted for. This practice creates a situation where auditors cannot determine if they have been provided with access to all the receipt books used by the School, which means we cannot verify that all funds have been properly deposited into a District bank account.
- Checks are not always restrictively endorsed as soon as they are received.

Recommendation

We recommend that the School:

- Deposit all funds collected into the District's bank account every 24 hours. Funds collected after hours at the end of the work week or during the weekends should be deposited by the next workday.
- Instruct all staff members to promptly deposit any funds collected during the day with the Administrative Secretary prior to the end of the day.
- Immediately receipt all funds collected in the presence of the depositor.
- Require supporting documentation for money collected from non-fiscal staff. The amount received should be reconciled to the supporting documentation to ensure that the proper amount is being deposited.
- Issue receipts in chronological order and require that each receipting location only use one receipt book at a time.



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- Create a log to keep track of all receipt numbers issued to the School, document which receipt booklets and receipt numbers are issued to staff members, and periodically verify that all receipts have been accounted for.
- Restrictively endorse all checks as soon as they are received.



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Management Response from Hazel Wolf K-8 School

Hazel Wolf K-8 appreciates the feedback which was provided to our program regarding some of our processes and procedures as they relate to the audited areas. I will be working with my administrative staff and teachers to address the areas highlighted based on the findings. I am confident that we will be able to develop a strong corrective action plan and implement it.