



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

Joint Legislative Audit and Review Committee (JLARC)
PO BOX 40910
Olympia, WA 98504-0910

October 17, 2022

At the request of Rep. Gerry Pollet, chairman of the Joint Legislative Audit & Review Committee, our Office prepared this electronic compendium of audit results for all charter public schools operating in Washington between 2019 and 2021.

When the State Auditor's Office identifies concerns at local governments and state agencies, we may report those concerns in a letter to management or as a finding in the official audit report. Generally, letters to management are meant to bring problems to the attention of a government's leaders before issues become significant or widespread. In this way, leadership may address issues before they rise to the significance of an audit finding. Sometimes, however, the issue is already significant enough that we first report it as an audit finding.

All of our Office's audit reports are published on our website. This document has hyperlinks to the full audit reports. In addition, we have included any management letters that are referenced in the audit reports.

Charter Public Schools

Overview of audit results, 2019-2021

This PDF contains audit results for all charter public schools operating in Washington for the years 2019, 2020 and 2021, organized by school name. Management letters are included in full; audit reports are linked to our website, www.sao.wa.gov. Clicking the 'back to table of contents' link at the bottom of each school's introductory page will return you to this page.



Office of the
Washington
State Auditor
Pat McCarthy

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Director of Local Audit:

Kelly Collins

(564) 999-0807

Kelly.Collins@sao.wa.gov

Schools Program Manager:

Cheryl Thresher

(564) 999-0862

Cheryl.Thresher@sao.wa.gov

Office of the
Washington State
Auditor

P.O. Box 40021

Olympia, WA

98504-0021

www.sao.wa.gov

[@WASateAuditor](https://twitter.com/WASateAuditor)

October 17, 2022

Ashe Prep (closed 10/2020)

Reports without findings:

2020 – <https://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1029687&isFinding=false&sp=false>

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Catalyst Bremerton

Reports without findings:

2021 – <https://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1031020&isFinding=false&sp=false>

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Green Dot Destiny MS

Reports without findings:

2019 – <https://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1026753&isFinding=false&sp=false>

Management letters:

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

July 28, 2020

Board of Directors, Green Dot Public Schools Washington
Destiny Charter Middle School
6020 Rainier Avenue S.
Seattle, WA 98118

Management Letter

This letter includes a summary of specific matters that we identified in planning and performing our accountability audit of the Destiny Charter Middle School from September 1, 2018 through August 31, 2019. We believe our recommendations will assist you in improving the Charter School's compliance in these areas.

We will review the status of these matters during our next audit. We have already discussed our comments with and made suggestions for improvements to Charter School officials and personnel. If you have any further questions, please contact me at (564) 999-0862.

This letter is intended for the information and use of management and the governing body and is not suitable for any other purpose. However, this letter is a matter of public record and its distribution is not limited.

We would also like to take this opportunity to extend our appreciation to your staff for the cooperation and assistance given during the course of the audit.

Sincerely,

Cheryl Thresher, Audit Manager

Attachment

Management Letter
Destiny Charter Middle School
September 1, 2018 through August 31, 2019

Small and attractive assets

The Charter School is responsible for establishing effective internal controls over monitoring, tracking, and safeguarding of assets purchased with public funds. Without adequate internal controls, assets are at risk of misappropriation, misuse or loss that might not be detected promptly, or at all. The Charter School has 2,008 items with a value of \$297,068 on its small and attractive asset list. We identified the following issues related to internal controls:

- A complete asset inventory list and dollar amount was not maintained and available.
- The Charter School's policies and procedures over small and attractive assets did not establish an effective system for monitoring, tracking, and safeguarding public resources.

With the closure of Destiny Middle School on June 30, 2019, the Washington State Charter School Commission approved storing assets from Destiny at the Rainier Valley Leadership Academy (RVLA) location until arrangements could be made to liquidate the assets. We found:

- Many items were put into use by RVLA.
- Some assets could not be located due to missing tags, location listed incorrectly, or were not found on the asset inventory list.
- Assets shown in Destiny Middle School's inventory list were also duplicated on RVLA's inventory list, making it unclear which charter school owns the asset.

We also identified the following:

- The same assets were shown in the Destiny inventory list as being in multiple locations.
- Assets purchased during the 2019 school year were not included on the inventory list provided to the auditor. Therefore, we could not test the physical locations of assets purchased in the 2018-2019 school year.
- Forty-six percent of tested assets had no asset tag number or serial number recorded on the asset inventory list.
- Not all purchased assets were recorded on the asset inventory list.

Due to the issues identified, the assets and inventory list could not be reconciled.

We recommend the Charter School:

- Comply with requirements in its charter school contract, to include all small and attractive assets purchased with either public or private funding in its asset inventory list. (Charter Contract Section 5.9 Inventories, and Section 9.3 Non-Commingling)

- Follow guidance found in the State Administrative and Accounting Manual (SAAM) for recording inventory. (SAAM- Section 30.40.30 – Inventory records requirements.)
- Develop internal control processes and procedures to ensure it appropriately tags assets with identifying information that is recorded on the asset inventory list and accurately reflects all assets purchased with either public or private funds identifying the accurate location of all assets.

Green Dot Excel Public Charter School LEA

Reports without findings:

2019 – <https://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1026752&isFinding=false&sp=false>

Management letters:

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

July 28, 2020

Board of Directors, Green Dot Public Schools Washington
Excel Public Charter School
6020 Rainier Avenue S.
Seattle, WA 98118

Management Letter

This letter includes a summary of specific matters that we identified in planning and performing our accountability audit of the Excel Public Charter School from September 1, 2018 through August 31, 2019. We believe our recommendations will assist you in improving the Charter School's compliance in these areas.

We will review the status of these matters during our next audit. We have already discussed our comments with and made suggestions for improvements to Charter School officials and personnel. If you have any further questions, please contact me at (564) 999-0862.

This letter is intended for the information and use of management and the governing body and is not suitable for any other purpose. However, this letter is a matter of public record and its distribution is not limited.

We would also like to take this opportunity to extend our appreciation to your staff for the cooperation and assistance given during the course of the audit.

Sincerely,

Cheryl Thresher, Audit Manager

Attachment

Management Letter
Excel Public Charter School
September 1, 2018 through August 31, 2019

Small and attractive assets

The Charter School is responsible for establishing effective internal controls over monitoring, tracking, and safeguarding of assets purchased with public funds. Without adequate internal controls, assets are at risk of misappropriation, misuse or loss that might not be detected promptly, or at all. The Charter School has approximately 1,063 items with a value of \$67,331 on its small and attractive asset list. We identified the following issues related to internal controls:

- A complete asset inventory list and dollar amount was not maintained and available.
- The Charter School's policies and procedures over small and attractive assets did not establish an effective system for monitoring, tracking, and safeguarding public resources.

With the closure of Excel Public Charter School on June 30, 2019, the Washington State Charter School Commission approved storing assets from Excel at the Rainier Valley Leadership Academy (RVLA) location until arrangements could be made to liquidate the assets. We found:

- Many items were put into use by RVLA.
- Some assets could not be located due to missing tags, lacked specific location listing, or were not found on the asset inventory list.

We also identified the following:

- Not all of Excel's Assets were moved to the RVLA location. Some items are still being housed at the closed Excel location and are commingled with the assets of other closed charter schools, and accessible to non-Green Dot personnel.
- Assets purchased during the 2019 school year were not on the inventory list provided to the auditor. Therefore, we could not test the physical locations of assets purchased in the 2019 school year,
- Forty-Four percent of tested assets had no asset tag number or serial number recorded on the asset inventory list.

Due to the issues identified above the assets and inventory list could not be reconciled.

We recommend the Charter School:

- Comply with requirements in its charter school contract, to include all small and attractive assets purchased with either public or private funding, in its asset inventory list (Charter Contract Section 5.9 Inventories, and Section 9.3 Non-Commingling)

- Follow guidance found in the State Administrative and Accounting Manual (SAAM) for recording inventory (SAAM, Section 30.40.30 – Inventory records requirements)
- Develop internal control processes and procedures to ensure it appropriately tags assets with identifying information that is recorded on the asset inventory list and accurately reflects all assets purchased with either public or private funds identifying the accurate location of all assets.

Impact Puget Sound Elementary (new school 2019)

Reports without findings:

2019 <https://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1027711&isFinding=false&sp=false>

2021 – <https://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1031174&isFinding=false&sp=false>

Management letters:

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

September 19, 2022

Board of Directors
Impact | Puget Sound Elementary
Tukwila, Washington

Management Letter

This letter includes a summary of specific matters that we identified in planning and performing our accountability audit of Impact | Puget Sound Elementary from September 1, 2020 through August 31, 2021. We believe our recommendations will assist you in improving the Charter Public School's compliance in these areas.

We will review the status of these matters during our next audit. We have already discussed our comments with and made suggestions for improvements to Charter Public School officials and personnel. If you have any further questions, please contact me at (564) 999-0862.

This letter is intended for the information and use of management and the governing body and is not suitable for any other purpose. However, this letter is a matter of public record and its distribution is not limited.

We would also like to take this opportunity to extend our appreciation to your staff for the cooperation and assistance given during the course of the audit.

Sincerely,

Cheryl Thresher, Program Manager

Attachment

Management Letter
Impact | Puget Sound Elementary
September 1, 2019 through August 31, 2021

English Learners (EL)

The Office of Superintendent of Public Instruction (OSPI) establishes rules and provides instructions on how schools should report English Learners (EL) for additional funding. ELs are students whose primary language is not English and who are eligible for English language development services through the Transitional Bilingual Instruction Program (TBIP). Eligible students receive TBIP services until they test proficient in English. Schools initially identify eligible students based on whether parents and guardians indicate on the Home Language Survey (HLS) their children first learned a language other than English and/or primarily speak a language other than English at home.

To be eligible for EL funding for the 2020-2021 school year:

- Students had to be identified on a HLS form as first learning a language other than English and/or primarily speaking a language other than English at home. Either can be considered the “primary language” for the purposes of eligibility if it is a non-English language.
- Students provisionally enrolled as ELs who returned to in-person learning environments are required to be screened within 30 days of their return to determine English language proficiency levels.
- Students returning to in-person learning environments are required to be tested for progress in the spring of the same school year.

Impact | Puget Sound Elementary claimed 162 students for EL funding in the 2020-2021 school year. Of those students, our audit found:

- Twenty-five were not eligible for EL because their primary language is English.
- Twelve did not receive testing to determine their English language proficiency within 30 days of returning to in-person learning.
- Two did not receive the required annual progress testing in the spring.

The languages staff recorded in the enrollment system did not accurately reflect the languages submitted by parents and guardians on the HLS form. The Charter School did not keep documentation supporting these language changes in the enrollment system.

Overall, 21 percent of the student months the Charter School claimed for EL enrollment funding were ineligible. We will share these audit results with OSPI in the audit memorandum.

We recommend the Charter School follow OSPI guidance for determining EL eligibility and reporting for enrollment funding, which includes:

- Identifying students whose primary language is not English
- Conducting all necessary testing within the required time frames to determine students' English language proficiency
- Providing annual progress testing required for EL students
- Ensuring staff correctly enter language information into the enrollment system to identify eligible EL students

Early Entrance Kindergarten

The Charter School's contract with the Washington State Charter School Commission establishes what programs and services it is allowed to offer. To receive public funding for its programs and services, the Charter School submits its enrollment data to the Office of Superintendent of Public Instruction (OSPI). OSPI provides instructions on how schools report enrollment for funding purposes.

Early entrance kindergarten is for children who are ready to start kindergarten early and likely to succeed in the program. Schools are required to use a screening process or other procedures to determine a student's eligibility to start kindergarten early and enter first grade the following school year.

Under the Charter School Act, charter public schools are prohibited from screening enrollees before admitting them.

The Charter School's policy, adopted in May 2020, required an assessment of children younger than 5 years old prior to enrollment, which the Charter School Act prohibits. Additionally, the Charter School's enrollment policy and early entrance kindergarten program was not approved by the Commission or included in its contract before it enrolled students.

Our audit found the Charter School enrolled five students younger than 5 years old in the 2019-2020 school year and 10 students in the 2020-2021 school year, and claimed them for enrollment funding.

We recommend the Charter School comply with state law and its contract with the Commission. Specifically, we recommend the Charter School:

- Seek and receive the Commission's approval before changing its enrollment policy and offering programs or services that are not included in its contract
- Follow the Charter School Act's requirements for enrolling students, which prohibits limiting admissions through assessment screenings.

Payroll

The *Accounting Manual for Public School Districts in the State of Washington* requires charter and public schools to develop internal controls that adequately safeguard public resources. This includes implementing internal controls that provide reasonable assurance employee compensation is supported and paid in accordance with school policies and approved rates.

Our audit found Impact | Puget Sound Elementary lacked adequate internal controls over payroll to ensure compliance with state law. The Charter School paid about \$1,796,408 in salaries for its employees in the 2020-2021 school year. At the beginning of the 2020-2021 school year, the Charter School retroactively increased the 2019-2020 compensation for one employee. This resulted in the employee receiving \$6,365 in retroactive payments for work already performed. These retroactive payments violated the Washington State Constitution, Article II, Section 25, which prohibits extra compensation after entering into contracts or when employees have already rendered the services.

We recommend the Charter School implement internal controls over its payroll process to ensure the Board approves pay raises prior to entering into contracts or before employees perform the work.

We also recommend the Charter School conduct additional legal review to determine if any further actions, such as repayment, are necessary or required by law.

Impact Salish Sea Elementary (new school 2021)

Reports with findings:

2021 – <https://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1031173&isFinding=false&sp=false>

Management letters:

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

September 9, 2022

Board of Directors
Impact | Salish Sea Elementary
Tukwila, Washington

Management Letter

This letter includes a summary of specific matters that we identified in planning and performing our accountability audit of Impact | Salish Sea Elementary from September 1, 2020 through August 31, 2021. We believe our recommendations will assist you in improving the Charter School's compliance in these areas.

We will review the status of these matters during our next audit. We have already discussed our comments with and made suggestions for improvements to Charter School officials and personnel. If you have any further questions, please contact me at (564) 999-0862.

This letter is intended for the information and use of management and the governing body and is not suitable for any other purpose. However, this letter is a matter of public record and its distribution is not limited.

We would also like to take this opportunity to extend our appreciation to your staff for the cooperation and assistance given during the course of the audit.

Sincerely,

Cheryl Thresher, Program Manager

Attachment

Management Letter
Impact | Salish Sea Elementary
September 1, 2020 through August 31, 2021

English Learners (EL)

The Office of Superintendent of Public Instruction (OSPI) establishes rules and provides instructions on how schools should report English Learners (EL) for additional funding. ELs are students whose primary language is not English and who are eligible for English language development services through the Transitional Bilingual Instruction Program (TBIP). Eligible students receive TBIP services until they test proficient in English. Schools initially identify eligible students based on whether parents and guardians indicate on the Home Language Survey (HLS) their children first learned a language other than English and/or primarily speak a language other than English at home.

To be eligible for EL funding for the 2020-2021 school year:

- Students had to be identified on a HLS form as first learning a language other than English and/or primarily speaking a language other than English at home. Either can be considered the “primary language” for the purposes of eligibility if it is a non-English language.
- Students provisionally enrolled as ELs who returned to in-person learning environments are required to be screened within 30 days of their return to determine English language proficiency levels.
- Students returning to in-person learning environments are required to be tested for progress in the spring of the same school year.

Impact | Salish Sea Elementary claimed 54 students for EL funding in the 2020-2021 school year. Of those students, our audit found:

- Five were not eligible for EL because their primary language is English.
- Four did not receive testing to determine their English language proficiency within 30 days of returning to in-person learning.
- One did not receive the required annual progress testing in the spring.

The languages staff recorded in the enrollment system did not accurately reflect the languages submitted by parents and guardians on the HLS form. The Charter School did not keep documentation supporting these language changes in the enrollment system.

Overall, 10 percent of the student months the Charter School claimed for EL enrollment funding were ineligible. We will share these audit results with OSPI in the audit memorandum.

We recommend the Charter School follow OSPI guidance for determining EL eligibility and reporting for enrollment funding, which includes:

- Identifying students whose primary language is not English
- Conducting all necessary testing within the required time frames to determine students' English language proficiency
- Providing annual progress testing required for EL students
- Ensuring staff correctly enter language information into the enrollment system to identify eligible EL students

Innovation | Willow (Closed 6/21)

Reports without findings:

2019 – <https://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1027676&isFinding=false&sp=false>

Reports with findings:

2021 – <https://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1031330&isFinding=false&sp=false>

Management letters:

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

October 10, 2022

Board of Directors
Innovation – Willow Public Charter School
Walla Walla, Washington

Management Letter

This letter includes a summary of specific matters that we identified in planning and performing our accountability audit of the Innovation – Willow Public Charter School from September 1, 2019 through August 31, 2021. We believe our recommendations will assist you in improving the Charter Public School's compliance in these areas.

We will review the status of these matters during our next audit. We have already discussed our comments with and made suggestions for improvements to Charter Public School officials and personnel. If you have any further questions, please contact me at (564) 999-0862.

This letter is intended for the information and use of management and the governing body and is not suitable for any other purpose. However, this letter is a matter of public record and its distribution is not limited.

We would also like to take this opportunity to extend our appreciation to your staff for their cooperation and assistance during the audit.

Sincerely,

Cheryl Thresher, Audit Manager

Attachment

Management Letter

Innovation – Willow Public Charter School
September 1, 2019 through August 31, 2021

Special Education enrollment

OSPI establishes the rules for and provides instruction on Special Education enrollment reporting for state funding. Special Education enrollment is reported for students who meet criteria as of the count date on any specific month. For a student to be reported for Special Education funding, a student must be enrolled at the School, have a current individualized education program (IEP), have a current evaluation, and must have received special education on or before the count date. By law, charter public schools are required to keep documentation supporting their reported enrollment for funding claims.

Management is responsible for designing and following internal controls that provide reasonable assurance the School's documentation supports the enrollment it has reported for Special Education funding. Our audit found internal control deficiencies that adversely affected the School's ability to follow state law, administrative code, OSPI guidance and the School's contract to produce reliable support for Special Education funding.

Our audit found the School's student file documentation was inconsistent and did not support its reported headcount for Special Education funding. We tested 187 student count months – the number of months for which students had been counted for Special Education enrollment – and found overreporting of 44 months for the 2019-20 school year and overreporting of 15 months for the 2020-21 school year. Our audit also identified errors in the School's Special Education enrollment reporting. These errors occurred because:

- One student, who did not have a current IEP or evaluation in place, was counted for eight months.
- One student, who did not have a current IEP in place, was counted for seven months.
- Evaluations did not include the signature page, as required by WAC 392-172-03035(f).
- The School did not retain support for October 2020 Special Education enrollment.
- The School did not print Special Education enrollment support on the count date to accurately reflect the headcount it reported for funding.

We recommend the School develop and follow internal controls to ensure it accurately reports Special Education enrollment to OSPI for funding. This includes:

- Reporting only students with current IEPs and evaluations
- Reporting only students with complete evaluations
- Retaining Special Education enrollment information as of each required count date
- Reporting only students currently enrolled on count dates

- Maintaining supporting documentation for Special Education enrollment reported

We further recommend the School follow OSPI's guidance for reporting Special Education students, as required by WAC 392-172A-03105, WAC 392-172A-03015(2)(b) and WAC 392-121-108.

Basic enrollment

In Washington, charter public schools are funded based in part on the student enrollment figures they report to the Office of Superintendent of Public Instruction (OSPI). The minimum instructional minutes required for 1 Full-Time Equivalency (FTE) is 1,665 weekly minutes. Instructional minutes must be supported by a published bell schedule. During the current audit, we found the instructional minutes in the School's enrollment reporting system were not supported by the published bell schedule. When the published bell schedule changes, schools are expected to update the minutes in their enrollment reporting system to receive accurate funding.

Additionally, for students to be reported for basic education funding, they must be enrolled at the School and must have participated in a course of study on or before the count date. By law, charter public schools are required to keep documentation supporting their reported enrollment for funding claims.

We tested basic enrollment reporting for grades 6 through 8 for the 2019-20 and 2020-21 school years, and found the following errors:

- The School did not run enrollment information on the count dates to support the students it claimed for funding. This resulted in overreporting .50 Annual Average FTE (AAFTE) in 2019-21 and .50 AAFTE in 2020-21.
- The minutes the School entered into its enrollment reporting system did not match the published bell schedule minutes.

We recommend the School ensure that all time from the published bell schedule is accurately captured in the enrollment reporting system and appropriately reported to OSPI for funding. We also recommend the School retain enrollment information as of each required count date to support students reported for basic education funding.

Lumen High School

Reports without findings:

2021 – <https://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1031070&isFinding=false&sp=false>

Management letters:

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

August 30, 2022

Board of Directors
Lumen Public School
Spokane, Washington

Management Letter

This letter includes a summary of specific matters that we identified in planning and performing our accountability audit of the Lumen Public School from September 1, 2020 through August 31, 2021. We believe our recommendations will assist you in improving the Charter Public School's internal controls and compliance in these areas.

We will review the status of these matters during our next audit. We have already discussed our comments with and made suggestions for improvements to Charter Public School officials and personnel. If you have any further questions, please contact me at (564) 999-0862.

This letter is intended for the information and use of management and the governing body and is not suitable for any other purpose. However, this letter is a matter of public record and its distribution is not limited.

We would also like to take this opportunity to extend our appreciation to your staff for their cooperation and assistance during the audit.

Sincerely,

A handwritten signature in cursive script that reads "Cheryl R Thresher".

Cheryl Thresher, Audit Manager

Attachment

Management Letter
Lumen Public School
September 1, 2020 through August 31, 2021

The *Accounting Manual for Public School Districts in the State of Washington* requires charter and public schools to develop internal controls that adequately safeguard public resources. This includes implementing internal controls that provide reasonable assurance employee compensation is supported and paid in accordance with school policies and approved rates.

Supplemental contracts

Under state law (RCW 28A.400.200 (4)), certificated instructors' salaries and benefits may exceed established limits through supplemental contracts for additional time, responsibilities or incentives. Supplemental pay is the difference between the annualized base salary and the annualized total final salary for a 1.0 full-time equivalent employee. Contracts must be in writing, specify additional time, responsibilities or incentives, and dated prior to employees performing any work.

Our audit found Lumen Public School lacked internal controls over its process for issuing supplemental pay. During the 2020-2021 school year, the School paid about \$11,700 in supplemental pay to five employees without issuing written contracts specifying the applicable criteria established in RCW 28A.400.200 (4). We found the following issues:

- The School used time summary sheets instead of supplemental contracts, and employees signed them in August 2021 after they performed the work.
- The form the School used to support supplemental pay did not include a start and end date, and did not identify the additional duties, responsibilities or incentives.

We recommend the School implement internal controls over its process for issuing supplemental pay to ensure:

- It prepares and keeps supplemental contracts that include the criteria established in RCW 28A.400.200.
- Employees sign supplemental contracts before performing the work.

Leave accruals

The School is responsible for ensuring payroll expenditures are adequately supported and paid in accordance with its policies and applicable state laws. Our audit found the School's internal controls over leave accruals were inadequate for safeguarding public resources.

The School's employee handbook states that teachers, administrative and hourly employees will be allotted annual leave at the beginning of the school year. Employees may carry over to the next school year up to 16 hours of unused personal leave and 40 hours of unused sick leave. During the audit period, the School did not follow these board-approved policies and procedures for accruing and carrying forward employee leave to the next school year.

We found the following issues:

- The School did not track or accrue any leave time for four administrative staff. As a result, we are unable to determine if administrative staff were appropriately accounting for their time off.
- The School did not reconcile employee leave in the system with leave taken:
 - Leave slips support 17 hours of leave taken by one employee; however, 14 hours of leave was recorded in the system.
 - Leave slips support 90 hours of leave taken by one employee; however, 77.93 hours of leave was recorded in the system.

We recommend the School monitor leave accruals to ensure they are accurately tracked, employees take time off in accordance with policy and that leave balances do not exceed allowable limits.

Basic Enrollment

In Washington, charter public schools are funded based in part on the student enrollment figures they report to the Office of Superintendent of Public Instruction (OSPI). The minimum instructional minutes required for 1 Full-Time Equivalency (FTE) is 1,665 weekly minutes, or 333 minutes per day, for students in all grade levels. Charter public schools must report students as partial FTE if they are enrolled in less than 1,665 weekly minutes. By law, charter public schools are required to keep documentation supporting its reported enrollment for funding.

Lumen Public School did not have adequate oversight and monitoring over enrollment reporting to safeguard records supporting students counted for funding. During our audit, we found the School did not maintain documentation to support student enrollment reporting for the 2020-2021 school year.

Due to several technical difficulties during the initial setup of the PowerSchool student information system, the School was not able to generate enrollment documents, which included student rosters and attendance reports. The School manually documented in a notebook the monthly student counts and attendance tracking. However, staff did not keep this notebook.

We recommend the School improve its internal controls and develop procedures to effectively maintain adequate records necessary to support enrollment reporting and comply with records retention schedules.

PRIDE Prep

Reports without findings:

2020 – <https://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1029910&isFinding=false&sp=false>

2021 – <https://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1031264&isFinding=false&sp=false>

Reports with findings:

2019 – <https://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1028069&isFinding=false&sp=false>

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

February 1, 2022

Board of Directors
PRIDE Prep Charter School
Spokane, Washington

Management Letter

This letter includes a summary of specific matters that we identified in planning and performing our accountability audit of PRIDE Prep Charter School from September 1, 2019 through August 31, 2020. We believe our recommendations will assist you in improving the Charter. We believe our recommendations will assist you in improving the Charter School's compliance in these areas.

We will review the status of these matters during our next audit. We have already discussed our comments with and made suggestions for improvements to Charter School officials and personnel. If you have any further questions, please contact me at (564) 999-0862.

This letter is intended for the information and use of management and the governing body and is not suitable for any other purpose. However, this letter is a matter of public record and its distribution is not limited.

Sincerely,

Cheryl Thresher, Audit Manager

Attachment

Management Letter
PRIDE Prep Charter School
September 1, 2019 through August 31, 2020

Charter Public School Fundraising Internal Controls

The Charter Public School is responsible for establishing effective internal controls over monitoring, tracking and safeguarding of public funds, including expenditures, donations, and other revenues related to fundraising. During our audit, we identified the following control deficiencies in PRIDE Prep Charter School's internal controls over fundraising and compliance with its alcohol consumption policy.

RCW 28A.320.015 (Attorney General's Opinion 2003 No. 1) allows public schools to engage in General Fund fundraising. State law requires public schools to establish policies that define the allowable activities, use of revenues, and extent and/or limitations of fundraising activities and soliciting donations. The Charter Public School held its annual General Fund fundraiser on February 6, 2020. The auction fundraiser also showcased student work exhibitions and speeches. Event admission included a bar hosted at a nearby business that served beer and wine.

PRIDE Prep's policy prohibits the transfer, use or possession of alcohol on organization premises or while on school business. Additionally, the Charter Public School's policy prohibits the consumption of alcoholic beverages on school premises or at school events. Though the alcoholic beverages were served offsite, the consumption of alcoholic beverages during school events is against PRIDE Prep's policy.

PRIDE Prep also did not keep complete, detailed records supporting donations and ticket sales for the fundraiser. Additionally, the school did not correctly code all donations in order to identify whether they were public or private funds, did not correctly record the revenue it received as public or private money, and did not approve all expenditures.

We recommend PRIDE Prep follow its own policies regarding alcohol consumption and general fundraising events, including keeping supporting documentation, performing timely reconciliations, and following the *Accounting Manual for Public School Districts in the State of Washington* for coding revenues and expenditures appropriately. Additionally, we recommend the Board clearly separate its public and private business, as well as document the approval of fundraisers in meeting minutes.

Teacher Certifications

PRIDE Prep's Board of Directors is responsible for establishing effective internal controls for monitoring and tracking certificated instructor qualifications, contracts and apportionment reporting. The Charter's contract and state law (RCW 28A.405.210 and WAC 392-121-200) require instructors hold current Washington state teaching certifications and obtain Board approval

of employment contracts. PRIDE Prep is also required to have processes that provide reasonable assurance of appropriate staff and enrollment reporting.

The Office of the Superintendent of Public Instruction (OSPI) uses PRIDE Prep's reported personnel data to calculate staff-to-student ratios. These ratios determine PRIDE Prep's compliance with maintaining a minimum ratio of 46 certificated instructional staff per 1,000 full-time equivalent (FTE) students in K-12, as well as the monetary penalty for not maintaining this ratio. Staff reporting, along with student enrollment reporting, determines the allocation of state funds going PRIDE Prep. Our audit of PRIDE Prep's certificated instructors found the following errors resulting from control deficiencies:

- The Board did not vote on and/or approve employment contracts in public meetings.
- Two contracted instructors did not obtain their Washington state teaching certifications until October 1, 2019. PRIDE Prep reported basic enrollment funding of 2.7 annual average full-time equivalent (AAFTE) for September classes taught by non-certificated teachers.
- PRIDE Prep signed a certificated instructor contract one month after this person's employment had started.
- PRIDE Prep did not accurately report staff data to OSPI for eight employees.
- The enrollment reporting system and teacher master schedule did not agree. Teachers of record shown in student rosters from the enrollment reporting system did not align with PRIDE Prep's teacher master schedule.

We recommend the Board establish effective internal controls over staff contracts, Washington state certification and approvals. Additionally, we recommend the Board establish controls to ensure accurate reporting of staff and enrollment to OSPI for apportionment funding.



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

September 27, 2022

Board of Directors
PRIDE Prep Schools
Spokane, Washington

Management Letter

This letter includes a summary of specific matters that we identified in planning and performing our accountability audit of the PRIDE Prep Schools from September 1, 2020 through August 31, 2021. We believe our recommendations will assist you in improving the Charter Public School's internal control in these areas.

We will review the status of these matters during our next audit. We have already discussed our comments with and made suggestions for improvements to Charter Public School officials and personnel. If you have any further questions, please contact me at (564) 999-0862.

This letter is intended for the information and use of management and the governing body and is not suitable for any other purpose. However, this letter is a matter of public record and its distribution is not limited.

We would also like to take this opportunity to extend our appreciation to your staff for their cooperation and assistance during the audit.

Sincerely,

A handwritten signature in cursive script that reads "Cheryl L. Thresher".

Cheryl Thresher, Audit Manager

Attachment

Management Letter
PRIDE Prep Schools
September 1, 2020 through August 31, 2021

Leave accrual and ethical standards

The Superintendent oversees the Charter School's daily operations, while the Board of Directors is responsible for ensuring the Charter School complies with its authorizing contract and applicable state laws. This includes maintaining policies and internal controls that provide reasonable assurance of compliance with state laws, school policies, and the safeguarding of public resources. Our audit identified control deficiencies over the Charter School's compliance with the ethical standards in its authorizing contract with Spokane Public Schools, as well as inadequate controls over leave accruals.

Ethical standards:

The Charter School's authorizing contract requires the Board and all employees to follow certain ethical standards. Under these standards, administrators are not allowed to receive payment from another school for services connected to or related to the services they provide to PRIDE Prep Schools. Our audit found the Board did not have processes in place to effectively monitor employee contracts to safeguard public resources and ensure compliance with ethical standards. During the 2020-2021 school year, the Superintendent was under contract as one full-time equivalent (FTE) employee at PRIDE Prep Schools. The Superintendent also entered into a service contract at a different charter school. Per the ethical standards in the Charter School's authorizing contract, the Superintendent's service contract with another school was unallowable.

Leave accrual:

Our audit also found the Board did not have adequate controls or oversight to ensure employee leave accrual was supported, allowable and approved. In March 2019, the Charter School converted to a new software for tracking employee leave. There were significant issues during this conversion, which we reported as a finding in a prior audit. During the current audit period, the Charter School converted to another software, which helped it improve controls over leave accrual. However, the Board's frequent leave policy changes during the audit period were not applied timely to leave accruals in the system, resulting in errors in the ending leave balances for the 2020-2021 school year. We tested nine employees' ending leave balances. We found a net over accrual of 352.80 leave hours, leading to some employees taking more leave than what they had actually earned.

We recommend the Charter School review leave balances for accuracy and correct as appropriate. In addition, we recommend the Board establish internal controls so staff can implement policy changes timely to ensure correct calculations of leave earned and taken. We also recommend the Board establish controls and oversight of employee contracts to ensure the safeguarding of public resources and compliance with state laws, its authorizing contract and school policies.

Safeguarding of Assets

Management is responsible for designing, implementing and maintaining internal controls that provide reasonable assurance the Charter School is safeguarding public assets from misappropriation, misuse and loss. We reviewed the Charter School's procedures for tracking, monitoring and safeguarding its assets, such as electronic devices and small equipment, and found the following:

- Staff entered incomplete asset information into the asset tracking spreadsheet.
- Inventory tracking is not up to date and accurate. As a result, two students identified as having assets checked out did not have any assets assigned to them, and five assets were not currently in the Charter School's possession.
- Technology checkout forms do not clearly identify the specific assets checked out to students.
- Not all students who were assigned assets had a signed technology checkout form.
- Students/guardians are not required to sign or acknowledge when they have returned assets to the Charter School.

These control weaknesses increase the risk of misappropriation and misuse of public assets, as the Charter School's ability to detect missing assets is limited by its insufficiently detailed technology checkout forms and lack of timely and accurate tracking.

We recommend the Charter School strengthen its internal controls over assets by:

- Ensuring the asset tracking spreadsheet is complete, up to date and accurate
- Updating the technology checkout forms to include specific identifying information for assets checked out to students, including the asset tracking number
- Ensuring all students complete a technology checkout form before assigning them an asset
- Requiring students/guardians to sign or acknowledge the return of assets to the Charter School

Rainier Prep

Reports without findings:

2020 – <https://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1029009&isFinding=false&sp=false>

2021 – <https://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1031168&isFinding=false&sp=false>

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

August 26, 2021

Board of Directors
Rainier Prep
Seattle, Washington

Management Letter

This letter includes a summary of specific matters that we identified in planning and performing our accountability audit of Rainier Prep from September 1, 2018 through August 31, 2020. We believe our recommendations will assist you in improving the Charter Public School's compliance in these areas.

We will review the status of these matters during our next audit. We have already discussed our comments with and made suggestions for improvements to Charter Public School officials and personnel. If you have any further questions, please contact me at (564) 999-0862.

This letter is intended for the information and use of management and the governing body and is not suitable for any other purpose. However, this letter is a matter of public record and its distribution is not limited.

We would also like to take this opportunity to extend our appreciation to your staff for their cooperation and assistance during the audit.

Sincerely,

Cheryl Thresher, Audit Manager

Attachment

Management Letter
Rainier Prep
September 1, 2018 through August 31, 2020

Safeguarding Public Resources

Rainier Prep Charter Public School is responsible for establishing effective internal controls that provide reasonable assurance disbursements of public funds comply with state laws, charter school policies and charter contract requirements. Without adequate internal controls and financial policies, entities risk not being able to detect quickly, if at all, a misappropriation, misuse, or loss of public funds. Further, the Washington State Constitution prohibits lending public money and using public money to pay for private activities or services. We identified the following issues related to safeguarding of public funds.

Disbursements

Rainier Prep did not provide adequate review and oversight for ensuring all transactions, including private non-profit expenses paid from public funds, were allowable and followed applicable laws, contracts and policies. Specifically, the district used public funds to pay for the following expenses:

- Private non-profit fundraising activities
 - Costs of the online store for school branded items
 - Fall fundraising event costs, including supplies, venue rental and audiovisual production
- Private non-profit lobbying activities
 - Travel expenses and meals for families and students to meet with law makers

Rainier Prep processed expenditures of \$22,331 for private fundraising purposes through its public account. Of those private expenditures, \$8,970 have been reimbursed to the public account. However, the remaining balance of \$13,361 has not been reimbursed.

Approved Qualified Public Depository Requirement

Rainier Prep deposited public revenue into an unqualified depository. RCW 39.58.080 requires all local governments to use an approved public depository in order to ensure public funds are protected from loss. Rainier Prep is not currently using an approved qualified public depository for its public banking activity. When we identified this during the audit and communicated it to Rainier Prep, the Charter Public School immediately began the process of moving its public funds to a qualified public depository.

Staff Time

Rainier Prep employees worked on non-profit private activities during their scheduled hours paid as public employees. The Charter Public School did not document the time employees spent for a private purpose, and it was not reimbursed for those time charges.

We recommend Rainier Prep Charter Public School:

- Comply with the requirements of its charter public school contract
- Develop internal control processes and procedures to separate activities of the Charter Public School from private non-profit activities
- Ensure charter public account expenditures are only for allowable public purposes, as state law requires
- Ensure charter public monies are in an approved public depository

Rainier Valley Leadership Academy

Formerly Green Dot Rainier Valley Leadership Academy.

Reports without findings:

2019: <https://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1026742&isFinding=false&sp=false>

2020 – <https://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1029306&isFinding=false&sp=false>

2021 – <https://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1031042&isFinding=false&sp=false>

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

July 28, 2020

Board of Directors, Green Dot Public Schools Washington
Rainier Valley Leadership Academy
6020 Rainier Avenue S.
Seattle, WA 98118

Management Letter

This letter includes a summary of specific matters that we identified in planning and performing our accountability audit of the Rainier Valley Leadership Academy from September 1, 2018 through August 31, 2019. We believe our recommendations will assist you in improving the Charter School's compliance in these areas.

We will review the status of these matters during our next audit. We have already discussed our comments with and made suggestions for improvements to Charter School officials and personnel. If you have any further questions, please contact me at (564) 999-0862.

This letter is intended for the information and use of management and the governing body and is not suitable for any other purpose. However, this letter is a matter of public record and its distribution is not limited.

We would also like to take this opportunity to extend our appreciation to your staff for the cooperation and assistance given during the course of the audit.

Sincerely,

Cheryl Thresher, Audit Manager

Attachment

Management Letter
Rainier Valley Leadership Academy
September 1, 2018 through August 31, 2019

Small and attractive assets

The Charter School is responsible for establishing effective internal controls over monitoring, tracking, and safeguarding of assets purchased with public funds. Without adequate internal controls, assets are at risk of misappropriation, misuse or loss that might not be detected promptly, or at all. The Charter School had 4,469 items on its small and attractive asset inventory list. We identified the following issues related to internal controls:

- A complete asset list and dollar amount was not maintained and available.
- The Charter School's policies and procedures over small and attractive assets did not establish an effective system for monitoring, tracking, and safeguarding public resources.

With the closure of two Green Dot Washington charter schools – Destiny Middle School and Excel Public Charter School – on June 30, 2019, the Washington State Charter School Commission approved storing assets from those two schools at the Rainier Valley Leadership Academy (RVLA) location until arrangements could be made to liquidate the assets. We found:

- Many items were put into use by RVLA.
- Some assets could not be located due to missing tags or incorrect location listings, or were not found on the asset inventory list.
- Assets shown in Destiny Middle School's inventory list were also duplicated on RVLA's inventory list, making it unclear which charter school owns the asset.

We also identified the following:

- Assets purchased during the 2019 school year were not included on the inventory list provided to the auditor. Therefore, we could not test the physical locations of assets purchased in the 2018-2019 school year.
- Sixty-five percent of tested assets had no asset tag number or serial number recorded on the asset inventory list.
- Not all purchased assets were recorded on the asset inventory list.

Due to the issues identified above, the assets and inventory list could not be reconciled.

We recommend the Charter School:

- Comply with requirements in its charter school contract, to include all small and attractive assets purchased with either public or private funding in its asset inventory list. (Charter Contract Section 5.9 Inventories, and Section 9.3 Non-Commingling)

- Follow guidance found in the State Administrative and Accounting Manual (SAAM) for recording inventory. (SAAM- Section 30.40.30 – Inventory records requirements.)
- Develop internal control processes and procedures to ensure it appropriately tags assets with identifying information that is recorded on the asset inventory list and accurately reflects all assets purchased with either public or private funds identifying the accurate location of all assets.



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

October 26, 2021

Board of Directors

Rainier Valley Leadership Academy (Green Dot Public Schools – Rainier Valley)
Seattle, Washington

Management Letter

This letter includes a summary of specific matters that we identified in planning and performing our accountability audit of Green Dot Public Schools – Rainier Valley from September 1, 2019 through August 31, 2020. We believe our recommendations will assist you in improving the Public Charter School's internal controls in these areas.

We will review the status of these matters during our next audit. We have already discussed our comments with and made suggestions for improvements to Public Charter School officials and personnel. If you have any further questions, please contact me at (564) 999-0862.

This letter is intended for the information and use of management and the governing body and is not suitable for any other purpose. However, this letter is a matter of public record and its distribution is not limited.

We would also like to take this opportunity to extend our appreciation to your staff for their cooperation and assistance during the audit.

Sincerely,

Cheryl Thresher, Audit Manager

Attachment

Management Letter
Rainier Valley Leadership Academy
September 1, 2019 through August 31, 2020

Payroll

Green Dot Public Schools – Rainier Valley is responsible for designing and following internal controls that provide reasonable assurance employee compensation is supported and paid in accordance with its policies and approved rates. The *Accounting Manual for Public School Districts in the State of Washington* requires schools to develop internal controls that adequately safeguard public resources.

During fiscal year 2020, the Charter Public School paid about \$2,683,870 in salaries. Our audit found the School lacked adequate internal controls over payroll. Specifically, the School:

- Could not provide an employment agreement for all of the employees we selected for audit
- Does not pay hourly employees in accordance with the hourly rate included in their employment agreements
- Does not update employment agreements when employees change positions or it adjusts pay rates
- Does not consistently calculate overtime between its employees
- Inaccurately calculated monthly pay when it annualized salary amounts

As a result of these control deficiencies, the Charter cumulatively overpaid four employees by \$13,928 and underpaid one employee by \$4,289.

We recommend the Charter implement internal controls over its payroll process to ensure it:

- Establishes employment agreements for every employee that specify pay rate, employment position, and the duration of the agreement
- Pays employees in accordance with their employment agreements
- Updates employment agreements when employees change positions or when it adjusts pay rates
- Calculates overtime consistently between employees in accordance with its payroll policy
- Accurately calculates payroll amounts and adequately supports them



Office of the Washington State Auditor
Pat McCarthy

August 17, 2022

Board of Directors
Rainier Valley Leadership Academy enter conditional text
Seattle, Washington

Management Letter

This letter includes a summary of specific matters that we identified in planning and performing our accountability audit of Rainier Valley Leadership Academy from September 1, 2020 through August 31, 2021. We believe our recommendations will assist you in improving the Public Charter School's internal controls in these areas.

We will review the status of these matters during our next audit. We have already discussed our comments with and made suggestions for improvements to Public Charter School officials and personnel. If you have any further questions, please contact me at (564) 999-0862.

This letter is intended for the information and use of management and the governing body and is not suitable for any other purpose. However, this letter is a matter of public record and its distribution is not limited.

We would also like to take this opportunity to extend our appreciation to your staff for their cooperation and assistance during the audit.

Sincerely,

Cheryl Thresher, Audit Manager

Attachment

Management Letter

Rainier Valley Leadership Academy
September 1, 2020 through August 31, 2021

Payroll

Rainier Valley Leadership Academy is responsible for designing and following internal controls that provide reasonable assurance employee compensation is supported and paid in accordance with its policies and approved rates. The *Accounting Manual for Public School Districts in the State of Washington* requires schools to develop internal controls that adequately safeguard public resources.

During fiscal year 2021, the Charter Public School paid about \$1,816,046 in salaries, the Charter retroactively applied pay increases to the entire school year, including months that had already passed. Because the Charter granted extra pay after the services had already been rendered, these were all a violation of the State Constitution, which prohibits extra compensation after the services have been rendered, or the contract entered into. Our audit found the School lacked adequate internal controls over payroll. Specifically, the School:

- Could not provide timesheets for all hourly employees we selected for audit
- Does not include dates and durations in employment agreements
- Does not pay employees in accordance with the rate included in their employment agreements
- Does not document how employees meet criteria for earning bonus and incentive payments
- Applied pay increases to the entire school year, including months that had already passed

Because of these control deficiencies, the School cumulatively overpaid two employees for retroactive pay by \$81,330. The School underpaid one employee by \$100. In addition to over and underpayments, the School paid \$18,000 in bonus and incentives, with no support demonstrating the employees met criteria for earning those payments.

We recommend the School implement internal controls over its payroll process to ensure:

- Timesheets are maintained for all hourly employees
- Employment agreements for every employee specify pay rate, employment position, effective dates of the position and the duration of the agreement
- Employees are paid in accordance with their employment agreements
- Bonuses and incentives are paid only to employees who have met documented and approved criteria
- Contracts granting additional pay are executed before employees perform any work

We also recommend the School conduct additional legal review to determine if any further actions, such as repayment, are necessary or required by law.

SOAR Academy (Closed 6/2019)

Reports with findings:

2019 – <https://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1027628&isFinding=false&sp=false>

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Spokane International Academy

Reports without findings:

2019 – <https://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1026646&isFinding=false&sp=false>

2020 – <https://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1028746&isFinding=false&sp=false1028746>

2021 – 2-year audit in 2022

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

July 8, 2020

Board of Directors
Spokane International Academy
Spokane, Washington

Management Letter

This letter includes a summary of specific matters that we identified in planning and performing our Accountability audit of the Spokane International Academy from September 1, 2018 through August 31, 2019. We believe our recommendations will assist you in improving the Charter School's internal controls in these areas.

We will review the status of these matters during our next audit. We have already discussed our comments with and made suggestions for improvements to Charter School officials and personnel. If you have any further questions, please contact me at (564) 999-0862.

This letter is intended for the information and use of management and the governing body and is not suitable for any other purpose. However, this letter is a matter of public record and its distribution is not limited.

We would also like to take this opportunity to extend our appreciation to your staff for the cooperation and assistance given during the course of the audit.

Sincerely,

Cheryl Thresher, Audit Manager

Attachment

Management Letter
Spokane International Academy
September 1, 2018 through August 31, 2019

Payroll and compensated absences

The Charter School Board of Directors (Board) and management is responsible for establishing and monitoring internal controls that effectively safeguard public resources, as well as ensuring employee compensation is adequately supported and paid following its policy and applicable state laws.

In the 2018-2019 school year, Spokane International Academy (Charter School) employed 85 individuals, including substitute teachers, and paid a total of \$2,623,637 in wages, salaries, and personal leave buybacks. Our audit identified that internal controls are inadequate to ensure payroll and leave amounts are supported, accrued appropriately and are accurate.

Payroll disbursements

The Charter School did not ensure that contracts contained the number of days certificated teachers were expected to work, which resulted in salary amounts that were not supported. Additionally, controls were not adequate to ensure the Charter School paid long-term substitute teachers accurately. As a result, our audit identified the following errors. The Charter School:

- Overpaid one certificated teacher by \$5,882
- Underpaid one certificated teacher by \$695 for the audited pay period
- Underpaid one substitute by \$42

Leave accruals

The Charter School did not have a Board-approved policy addressing sick-leave rollovers, personal-leave buybacks or beginning of year sick leave and personal leave accrual amounts. Additionally, year-end leave rollovers and year-beginning additions of accruals were not reviewed to ensure the correct leave amounts were in place for the new fiscal year. Specifically, our audit identified that a year-end report was generated using an incorrect date, resulting in one employee receiving less personal leave than was earned. Further, 12 employees exceeded the maximum number of rollover hours for sick leave by eight hours.

We recommend the Charter School ensure all policies are approved by the Board of Directors. We also recommend it strengthen internal controls to ensure an independent review is conducted over payroll and leave accruals to ensure the accuracy of all payroll and leave amounts.

Summit Atlas

Reports without findings:

2019: <https://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1026704&isFinding=false&sp=false>

Reports with findings:

2020 – <https://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1030058&isFinding=false&sp=false>

2021 – <https://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1031147&isFinding=false&sp=false>

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

July 27, 2020

Board of Directors
Summit Public School – Atlas
Redwood City, CA 94063

Management Letter

This letter includes a summary of specific matters that we identified in planning and performing our accountability audit of the Summit Public School – Atlas from September 1, 2018 through August 31, 2019. We believe our recommendations will assist you in improving the Charter School's compliance in these areas.

We will review the status of these matters during our next audit. We have already discussed our comments with and made suggestions for improvements to Charter School officials and personnel. If you have any further questions, please contact me at (564) 999-0862.

This letter is intended for the information and use of management and the governing body and is not suitable for any other purpose. However, this letter is a matter of public record and its distribution is not limited.

We would also like to take this opportunity to extend our appreciation to your staff for the cooperation and assistance given during the course of the audit.

Sincerely,

Cheryl Thresher, Program Manager

Attachment

Management Letter
Atlas
September 1, 2018 through August 31, 2019

Open Public Meetings Act

Summit Public School – Atlas is a public school whose day-to-day operations are governed by its Charter School Board of Directors (Board), which is the highest level of decision-making authority in a charter school. The Board is responsible for meeting all legal requirements that apply to the Charter School under applicable law and the Charter School’s contract. The Board also is responsible for the Charter School’s policy and operational decisions. Board meeting minutes should record indication of Board approval for payment of monthly claim vouchers and payroll derived from public funds.

The Open Public Meetings Act (Act), the Charter School’s contract and the School District Accounting Manual (Accounting Manual) require the Charter School to prepare minutes of all public meetings, except executive sessions, and to have those minutes available for public inspection.

We reviewed the Board meeting minutes from September 6, 2018, through December 5, 2019, and noted the following omissions of required information:

- Board approval of accounts payable was not documented in accordance with the Accounting Manual and state regulations (RCW 42.24.080). Regular meetings of the Board are to be held monthly. (RCW 28A.343.380) Schools may issue payment before Board meetings. However, the Board must review the claims and approve them at a regularly scheduled public meeting within one month of their issuance (RCW 42.24.180).
- Documented public announcement of expected beginning and ending time for executive sessions, as required by RCW 42.30.110.

We recommend the Board strengthen internal controls to ensure adequate monitoring, review and approval of accounts payable disbursements in addition to compliance with the Open Public Meetings Act, the Charter School’s contract, the School District Accounting Manual and state regulations.

Special Education enrollment

The Office of Superintendent of Public Instruction (OSPI) establishes the rules for and provides instruction on Special Education enrollment reporting for state funding.

Management is responsible for designing and following internal controls that provide reasonable assurance regarding the reliability of documentation supporting enrollment reporting in Special Education. Our audit identified deficiencies in controls that adversely affect the Charter School’s

ability to follow state law, administrative code, OSPI guidance and the Charter School's contract to produce reliable support for Special Education funding.

In the 2018-2019 school year, the Charter School received about \$3.3 million based on enrollment and the education and experience of its teachers. The District's Special Education program accounted for about \$432,000 of this funding.

Student file documentation was inconsistent and did not support reported headcount. Testing and examination of 64 student files found over-reporting of 39 months for the 2018-2019 school year. Our review of Summit Public School-Atlas's Special Education program identified errors in Special Education headcount enrollment reporting. These errors occurred because:

- Students were counted who had expired Individualized Education Plans (IEPs).
- A re-evaluation determined that one student no longer qualified for Special Education services.
- Students were counted who had expired evaluations.
- Students were counted after being withdrawn from the school.
- One student was counted twice because their first and last name had been transposed and entered both ways on the count list.

We recommend the Charter School develop and follow internal controls to ensure it accurately reports Special Education enrollment to OSPI for funding that include:

- Reporting only students with current IEPs
- Reporting only students with current evaluations
- Reporting only students currently enrolled on count date
- Reporting each enrolled student only once per enrollment count period

We further recommend the Charter School follow guidance provided by OSPI for reporting Special Education students, as required by WAC 392-172A-03310(3)(a), WAC 392-172-03015(2)(b) and WAC 392-121-108.



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

February 10, 2022

Board of Directors
Summit Public Schools – Atlas
780 Broadway
Redwood City, CA 94063

Management Letter

This letter includes a summary of specific matters that we identified in planning and performing our accountability audit of Summit Public Schools – Atlas from September 1, 2019 through August 31, 2020. We believe our recommendations will assist you in improving the charter public school's internal controls in these areas.

We will review the status of these matters during our next audit. We have already discussed our comments with you and made suggestions for improvements to charter public school officials and personnel. If you have any further questions, please contact me at (564) 999-0862.

This letter is intended for the information and use of management and the governing body and is not suitable for any other purpose. However, this letter is a matter of public record and its distribution is not limited.

We would also like to take this opportunity to extend our appreciation to your staff for their cooperation and assistance during the audit.

Sincerely,

Cheryl Thresher, Audit Manager

Attachment

Management Letter
Summit Public Schools – Atlas
September 1, 2019 through August 31, 2020

Teacher Endorsements

The Board of Directors of Summit Public Schools – Atlas (Summit Atlas) is responsible for establishing effective internal controls for monitoring and tracking certificated instructor qualifications, contracts and apportionment reporting. The charter’s contract and state law (RCW 28A.405.210 and WAC 392-121-200) require instructors to hold current Washington state teaching certificates. The Board is also required to approve all of the school’s employment contracts and any out-of-endorsement teaching assignments. Summit Atlas is also required to have processes that provide reasonable assurance of accurate staff and enrollment reporting, which determines the school’s allocation of apportionment funding.

During our audit of Summit Atlas’s certificated instructors, we found the following errors resulting from control deficiencies:

- The Board did not approve one out-of-endorsement teaching assignment until after the instructor started teaching the classes.
- The Board did not approve one non-certificated teacher’s out-of-endorsement teaching assignments until eight months after the classes started.
- One instructor held a conditional certificate allowing them to teach at a different charter school in the Washington Summit Public Schools system.
- The Board did not approve two contracted substitute instructors to teach core classes at Summit Atlas.

We recommend the Board determine whether instructors are qualified to teach in Washington and approve their employment and any out-of-endorsement teaching assignments before they start teaching at Summit Atlas.

Summit Olympus

Reports without findings:

2020 – <https://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1030059&isFinding=false&sp=false>

Reports with findings:

2019: <https://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1026705&isFinding=false&sp=false>

2021 – <https://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1031148&isFinding=false&sp=false>

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

July 27, 2020

Board of Directors
Summit Public Schools Washington – Olympus
Redwood City, CA 94063

This letter includes a summary of specific matters that we identified in planning and performing our accountability audit of the Summit Public Schools Washington – Olympus from September 1, 2018 through August 31, 2019. We believe our recommendations will assist you in improving the Charter School's compliance in these areas.

We will review the status of these matters during our next audit. We have already discussed our comments with and made suggestions for improvements to Charter School officials and personnel. If you have any further questions, please contact me at (564) 999-0862.

This letter is intended for the information and use of management and the governing body and is not suitable for any other purpose. However, this letter is a matter of public record and its distribution is not limited.

We would also like to take this opportunity to extend our appreciation to your staff for the cooperation and assistance given during the course of the audit.

Sincerely,

Cheryl Thresher, Program Manager

Attachment

Management Letter
Summit Public Schools Washington – Olympus
September 1, 2018 through August 31, 2019

Open Public Meetings Act

Summit Public Schools Washington – Olympus is a public school whose day-to-day operations are governed by its Charter School Board of Directors (Board), which is the highest level of decision-making authority in a charter school. The Board is responsible for meeting all legal requirements that apply to the Charter School under applicable law and the Charter School's contract. The Board also is responsible for the Charter School's policy and operational decisions. Board meeting minutes should record indication of Board approval for payment of monthly claim vouchers and payroll derived from public funds.

The Open Public Meetings Act (Act), the Charter School's contract and the School District Accounting Manual (Accounting Manual) require the Charter School to prepare minutes of all public meetings, except executive sessions, and to have those minutes available for public inspection.

We reviewed the Board meeting minutes from September 6, 2018, through December 5, 2019, and noted the following omissions of required information:

- Board approval of accounts payable was not documented in accordance with the Accounting Manual and state regulations (RCW 42.24.080). Regular meetings of the Board are to occur monthly (RCW 28A.343.380). Schools may issue payment before Board meetings. However, the Board must review the claims and approve them at a regularly scheduled public meeting within one month of their issuance (RCW 42.24.180).
- The minutes did not document public announcement of expected beginning and ending time for executive sessions, as required by RCW 42.30.110.

We recommend the Board strengthen internal controls to ensure adequate monitoring, review and approval of accounts payable disbursements in addition to compliance with the Open Public Meetings Act, the Charter School's contract, the School District Accounting Manual and state regulations.

Special Education enrollment

The Office of Superintendent of Public Instruction (OSPI) establishes the rules for and provides instruction on Special Education enrollment reporting for state funding.

Management is responsible for designing and following internal controls that provide reasonable assurance regarding the reliability of documentation supporting enrollment reporting in Special Education. Our audit identified deficiencies in controls that adversely affect the Charter School's ability to follow state law, administrative code, OSPI guidance and the Charter School's contract to produce reliable support for Special Education funding.

In the 2018-2019 school year, the Charter School received about \$1.9 million based on enrollment and the education and experience of its teachers. The District's Special Education program accounted for about \$248,000 of this funding.

Student file documentation was inconsistent and did not support reported headcount. Testing and examination of 45 student files found over-reporting of 18 months for the 2018-2019 school year. Our review of Summit Public School-Olympus' Special Education program identified errors in Special Education headcount enrollment reporting. These errors occurred because:

- Students were counted who had expired Individualized Education Plans (IEPs).
- Students were counted after being withdrawn from the school.

We recommend the Charter School develop and follow internal controls to ensure it accurately reports Special Education enrollment to the OSPI for funding that include:

- Reporting only students who have current IEPs
- Reporting only students currently enrolled on count date

We further recommend the Charter School follow guidance provided by OSPI for reporting Special Education students, as required by WAC 392-172A-03310(3)(a), WAC 392-172-03015(2)(b) and WAC 392-121-108.



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

February 10, 2022

Board of Directors
Summit Public Schools – Olympus
780 Broadway
Redwood City, CA 94063

Management Letter

This letter includes a summary of specific matters that we identified in planning and performing our accountability audit of Summit Public School – Olympus from September 1, 2019 through August 31, 2020. We believe our recommendations will assist you in improving the charter public school's internal controls in these areas.

We will review the status of these matters during our next audit. We have already discussed our comments with you and made suggestions for improvements to charter public school officials and personnel. If you have any further questions, please contact me at (564) 999-0862.

This letter is intended for the information and use of management and the governing body and is not suitable for any other purpose. However, this letter is a matter of public record and its distribution is not limited.

We would also like to take this opportunity to extend our appreciation to your staff for their cooperation and assistance during the audit.

Sincerely,

Cheryl Thresher, Audit Manager

Attachment

Management Letter
Summit Public Schools – Olympus
September 1, 2019 through August 31, 2020

Teacher Endorsements

The Board of Directors of Summit Public Schools – Olympus (Summit Olympus) is responsible for establishing effective internal controls for monitoring and tracking certificated instructor qualifications, contracts and apportionment reporting. The charter’s contract and state law (RCW 28A.405.210 and WAC 392-121-200) require instructors to hold current Washington state teaching certificates. The Board is also required to approve all of the school’s employment contracts and any out-of-endorsement teaching assignments. Summit Olympus is also required to have processes that provide reasonable assurance of accurate staff and enrollment reporting, which determines the school’s allocation of apportionment funding.

During our audit of Summit Olympus’s certificated instructors, we found the following errors resulting from control deficiencies:

- The Board did not approve one out-of-endorsement teaching assignment until after the instructor started teaching the classes.
- Two instructors held conditional certificates allowing them to teach at a different charter school in the Washington Summit Public Schools system.

We recommend the Board determine whether instructors are qualified to teach in Washington and approve their employment and any out-of-endorsement teaching assignments before they start teaching at Summit Olympus.

Summit Sierra

Reports without findings:

2019: <https://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1026703&isFinding=false&sp=false>

Reports with findings:

2020 – <https://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1030060&isFinding=false&sp=false>

2021 – <https://portal.sao.wa.gov/ReportSearch/Home/ViewReportFile?arn=1031146&isFinding=false&sp=false>

Management letters:

[2019](#)

[2020](#)

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

July 27, 2020

Board of Directors
Summit Public Schools Washington – Sierra
Redwood City, CA 94063

Management Letter

This letter includes a summary of specific matters that we identified in planning and performing our accountability audit of the Summit Public Schools Washington – Sierra from September 1, 2018 through August 31, 2019. We believe our recommendations will assist you in improving the Charter School's compliance in these areas.

We will review the status of these matters during our next audit. We have already discussed our comments with and made suggestions for improvements to Charter School officials and personnel. If you have any further questions, please contact me at (564) 999-0862.

This letter is intended for the information and use of management and the governing body and is not suitable for any other purpose. However, this letter is a matter of public record and its distribution is not limited.

We would also like to take this opportunity to extend our appreciation to your staff for the cooperation and assistance given during the course of the audit.

Sincerely,

Cheryl Thresher, Audit Manager

Attachment

Management Letter
Summit Public Schools Washington - Sierra
September 1, 2018 through August 31, 2019

Open Public Meetings Act

Summit Public Schools Washington – Sierra is a public school whose day-to-day operations are governed by its Charter School Board of Directors (Board), which is the highest level of decision-making authority in a charter school. The Board is responsible for meeting all legal requirements that apply to the Charter School under applicable law and the Charter School’s contract. The Board also is responsible for the Charter School’s policy and operational decisions. Board meeting minutes should record indication of Board approval for payment of monthly claim vouchers and payroll derived from public funds.

The Open Public Meetings Act (Act), the Charter School’s contract and the School District Accounting Manual (Accounting Manual) require the Charter School to prepare minutes of all public meetings, except executive sessions, and to have those minutes available for public inspection.

We reviewed the Board meeting minutes from September 6, 2018, through December 5, 2019, and noted the following omissions of required information:

- Board approval of accounts payable was not documented in accordance with the Accounting Manual and state regulations (RCW 42.24.080). Regular meetings of the Board are to occur monthly. (RCW 28A.343.380) Schools may issue payment before Board meetings. However, the Board must review the claims and approve them at a regularly scheduled public meeting within one month of their issuance (RCW 42.24.180).
- Documented public announcement of expected beginning and ending time for executive sessions, as required by RCW 42.30.110.

We recommend the Board strengthen internal controls to ensure adequate monitoring, review and approval of accounts payable disbursements in addition to compliance with the Open Public Meetings Act, the Charter School’s contract, the School District Accounting Manual and state regulations.

Special Education enrollment

The Office of Superintendent of Public Instruction (OSPI) establishes the rules for and provides instruction on Special Education enrollment reporting for state funding.

Management is responsible for designing and following internal controls that provide reasonable assurance regarding the reliability of documentation supporting enrollment reporting in Special Education. Our audit identified deficiencies in controls that adversely affect the Charter School’s

ability to follow state law, administrative code, OSPI guidance and the Charter School's contract to produce reliable support for special education funding.

In the 2018-19 school year, the Charter School received about \$3.2 million based on enrollment and the education and experience of its teachers. The District's Special Education program accounted for about \$483,000 of this funding.

Student file documentation was inconsistent and did not support reported headcount. Testing and examination of 66 student files found over-reporting of 17 months for the 2018-19 school year. Our review of Summit Public School-Sierra's Special Education program identified errors in Special Education headcount enrollment reporting. These errors occurred because:

- Students were counted who had expired Individualized Education Plans (IEPs).
- A re-evaluation determined that one student no longer qualified for Special Education services
- Students counted after being withdrawn from the school
- One student was counted twice from October 2018 through March 2019.

We recommend the Charter School develop and follow internal controls to ensure it accurately reports Special Education enrollment to OSPI for funding that include:

- Reporting only students with current IEPs
- Reporting only students currently enrolled on count date
- Reporting each enrolled student only once per enrollment count period

We further recommend the Charter School follow guidance provided by OSPI for reporting Special Education students, as required by WAC 392-172A-03310(3)(a), WAC 392-172-03015(2)(b) and WAC 392-121-108.



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

February 10, 2022

Board of Directors
Summit Public Schools – Sierra
780 Broadway
Redwood City, CA 94063

Management Letter

This letter includes a summary of specific matters that we identified in planning and performing our accountability audit of Summit Public Schools – Sierra from September 1, 2019 through August 31, 2020. We believe our recommendations will assist you in improving the charter public school's internal controls in these areas.

We will review the status of these matters during our next audit. We have already discussed our comments with you and made suggestions for improvements to charter public school officials and personnel. If you have any further questions, please contact me at (564) 999-0862.

This letter is intended for the information and use of management and the governing body and is not suitable for any other purpose. However, this letter is a matter of public record and its distribution is not limited.

We would also like to take this opportunity to extend our appreciation to your staff for their cooperation and assistance during the audit.

Sincerely,

Cheryl Thresher, Audit Manager

Attachment

Management Letter
Summit Public School – Sierra
September 1, 2019 through August 31, 2020

Teacher Endorsements

The Board of Directors of Summit Public Schools – Sierra (Summit Sierra) is responsible for establishing effective internal controls for monitoring and tracking certificated instructor qualifications, contracts and apportionment reporting. The charter’s contract and state law (RCW 28A.405.210 and WAC 392-121-200) require instructors to hold current Washington state teaching certificates. The Board is also required to approve all of the school’s employment contracts and any out-of-endorsement teaching assignments. Summit Sierra is also required to have processes that provide reasonable assurance of accurate staff and enrollment reporting, which determines the school’s allocation of apportionment funding.

During our audit of Summit Sierra’s certificated instructors, we found the following errors resulting from control deficiencies:

- The Board did not approve out-of-endorsement teaching assignments for three instructors until after they started teaching the classes.

We recommend the Board determine whether instructors are qualified to teach in Washington and approve their employment and any out-of-endorsement teaching assignments before they start teaching at Summit Sierra.