



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report
Summit Public Schools Washington –
Sierra

King County

For the period September 1, 2016 through August 31, 2017

Published November 5, 2018

Report No. 1022514





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

November 5, 2018

Board of Directors
Summit Public Schools Washington - Sierra
Redwood City, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Public Charter School operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our independent audit report on the Public Charter School's compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

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AUDIT RESULTS

This report describes the overall results and conclusions for the areas we examined. In most of the areas we examined, except as described below, Public Charter School operations complied with applicable state laws, regulations, and its own policies, and provided adequate controls over safeguarding of public resources.

As referenced above and described in the attached finding, we identified areas in which the Public Charter School could make improvements.

We recommend the Sierra Charter School's Board comply with the Open Public Meetings Act, the charter's contract, and the School District Accounting Manual.

We further recommend the Charter School establish policies and procedures over expenditures of public funds to ensure it complies with the School District Accounting Manual and their charter contract.

These recommendations were included with our report and in a separate communication as a finding.

About the audit

This report contains the results of our independent accountability audit of the Summit Public Schools Washington – Sierra from September 1, 2016 through August 31, 2017.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the State Auditor to examine the financial affairs of all local governments. Our audit involved performing procedures to obtain evidence about the Public Charter School's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, based on our risk assessment for the year ended August 31, 2017, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Basic enrollment reporting – tested compliance with state requirements.
- Special education enrollment reporting – tested compliance with state and federal requirements

- Transportation ridership counts – reviewed student ridership counts to ensure compliance with state requirements.
- Staff mix reporting – reviewed credits and certificated years of experience.
- Vendor payments – performed testing to ensure payments made were in accordance within the terms of their contract.
- General payroll – review of employment contracts to ensure certificated staff contracts were in place for the 2016-2017 school year.
- General revenues – review of public and private bank accounts to ensure funds were kept separate.
- Board minutes – review of monthly board meeting minutes for compliance with Open Public Meetings Act.
- IT user access – performed review of the Charter School’s policies and procedure

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

2017-001 The Summit Public Schools Washington – Sierra Charter School Board did not fully comply with all requirements of the Open Public Meetings Act.

Background

Summit Public Schools Washington – Sierra Charter School is a public school whose day-to-day operations are governed by the charter school board. The highest level of decision-making authority in a charter school is the charter's board of directors. The board is responsible for compliance with all legal requirements to which the school is subject under applicable law and the charter contract. The board is also responsible for policy and operational decisions of the charter school. Indication of board of director approval for payment of monthly claim vouchers and payroll derived from public funds should be recorded in the minutes of the board meeting.

The Open Public Meetings Act (OPMA), the charter school contract and the School District Accounting Manual (SDAM) require Summit Public Schools Washington – Sierra Charter School to prepare minutes of all public meetings, except executive sessions, and to have those minutes available for public inspection.

Description of Condition

Sierra Charter School board meetings were held quarterly for the period under review, therefore minutes for only nine charter board meetings were reviewed from September 8, 2016, through September 7, 2017.

The Board did not include in their minutes the following required information:

- The Board's approval of claims and expenditures for \$1,971,348.31 of public funds for 2016-2017 school year. Expenditures of public funds were not identified as public expenditures in accounting systems or in the Board minutes.
- Documented public announcement of expected beginning and ending times for executive sessions as required by state law
- Adequate details to identify resolutions voted on and actions taken by the board.

In addition, the charter board met for four executive sessions for student discipline review. Student discipline review is not listed as an allowable purpose for executive session under the OPMA. In addition, two sessions, one for real property

negotiations, and one for “personnel” did not contain descriptive information sufficient to determine whether it was for an allowable purpose.

Cause of Condition

The Sierra Charter School’s Board did not adequately understand the requirements of the Open Public Meetings Act, the charter’s contract, as well as the School District Accounting Manual. It also did not have policies and procedures in place necessary to comply with the School District Accounting Manual’s requirement for board of director approval for monthly payment of claim vouchers and payroll recorded in the minutes of the board meeting.

Effect of Condition

The Sierra Charter School board did not comply with the contract it signed with the Washington State Charter School Commission, which requires the Charter School to follow the School District Accounting Manual and OPMA. Citizens might have been denied the right to participate in an open public meeting and to observe the Board’s deliberations and actions. Under the OPMA, Board actions not in compliance with the Act may not be considered valid.

Recommendations

We recommend the Sierra Charter School’s Board comply with the Open Public Meetings Act, the charter’s contract, and the School District Accounting Manual.

We further recommend the Charter School establish policies and procedures over expenditures of public funds to ensure it complies with the School District Accounting Manual and their charter contract.

Public Charter School’s Response

The Summit Public Schools – Sierra Washington Board has taken the following steps to ensure that Summit schools fully comply with the Open Public Meetings Act:

- Provided Board approval of all claims and expenditures for public funds for the 2018-2019 school year;
- Identified expenditures of public funds as public expenditures and separated public expenditures from private monies expended;
- Documented public announcements of expected beginning and ending times for executive sessions; and
- Provided adequate details to identify resolutions voted on and actions taken by the board.

Please note that in November 2016, Summit - Sierra contacted the Commission and the Washington State Charter Schools Association and received guidance with respect to the Board's concerns around OPMA, FERPA, and student discipline discussions prior to going into Executive Session on the subject. The Board revised its policy and no longer discusses specific student discipline concerns via Executive Session.

Per Washington law, elaborate minutes reflecting details of discussion or how individual members voted is not necessary; however, the Board has taken steps so that all resolutions and actions taken by the Board have sufficient descriptive information.

Auditor's Remarks

The highest level of decision-making authority in the Charter School is the Charter's Board of Directors. The Board has responsibility for the oversight and administration of daily operations of the Charter School. All formal action taken by the Board, including resolutions voted on and passed, must be clearly documented in the minutes. We thank the Charter School for the steps it is taking to address these concerns. We will review the status of the Charter School's corrective actions during our next audit.

Applicable Laws and Regulations

Charter Contract 5.7 Record Keeping.

The Applicant will comply with all Applicable Law, and Commission record keeping requirements including those pertaining to students, governance, and finance.

Charter Contract Section 9.8 State Accounting Requirements

The School shall use and follow all policies and requirements issued by the Washington State Auditor's office concerning accounting for public school districts in the state of Washington. The School shall also comply with public school budget and accounting requirements, the Accounting Manual for School Districts and the Administrative Budgeting and Financial Reporting Handbook.

Charter Bylaws Section 13. MEETINGS; OPEN PUBLIC MEETINGS ACT.

All meetings of the Board shall be called, noticed and held in compliance with the provisions of the Open Public Meetings Act

set forth in RCW 42.30. Except as otherwise permitted by the Open Public Meetings Act, all meetings of the Board shall be open and public, and all personnel shall be permitted to attend any meeting of the Board. The Board shall not at any meeting required to be open to the public vote by secret ballot. Any vote taken in violation of this section shall be null and void.

School District Accounting Manual, Chapter 3, Voucher Certification and Approval

RCW 42.24.080(1) Claims paid must be approved and supported

RCW 28A.343.380- Board of directors meetings shall be held monthly.

RCW 42.24.180(3) Provide for review of documentation supporting claims paid and approval of all checks or warrants issued in payment of claims.

RCW 28A.710.040 Charter Schools—Requirements, states in part:

(1) A charter school must operate according to the terms of its charter contract . . .

(2)(i) Comply with the open public meetings act in chapter 42.30 RCW and public records requirements in chapter 42.56 RCW.

RCW 42.30.110 Allowable purposes for executive sessions, beginning and ending time when executive session will be concluded.

Local Government Common Records Retention Schedule (CORE) Version 4.0 DAN GS50-05A-13, Rev. 2 Meetings – Governing Executive – Retain for 6 years after end of calendar year then Transfer to Washington State Archives for permanent retention.

RELATED REPORTS

Other reports

A financial statement audit was performed by a firm of certified public accountants. That firm's report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE PUBLIC CHARTER SCHOOL

Summit Public Schools: Sierra, located in King County, provided educational services to approximately 186 students in grades 9-10 during the 2016-2017 school year.

The Public Charter School is a 501c3 nonprofit corporation established under RCW 28A.710.020 and governed by a three to nine member appointed Board of Directors, that establishes policies for the Public Charter School according to the terms of a renewable, five-year charter contract executed under RCW 28A.710.160.

Summit Public Schools: Sierra is authorized by the Washington State Charter School Commission established by a five-year contract effective August 17, 2016 and terminating August 17, 2021.

The Public Charter School received approximately \$1.9 million in direct state and federal funding for fiscal year 2017. The Public Charter School operates in one building and employs approximately 19 employees.

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Information current as of report publish date.

Audit history

You can find current and past audit reports for the Summit Public Schools Washington – Sierra at <http://portal.sao.wa.gov/ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

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