



Office of the Washington State Auditor  
Pat McCarthy

## **Accountability Audit Report**

# **Summit Public Schools Washington – Atlas**

**For the period September 1, 2019 through August 31, 2020**

*Published March 3, 2022*

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

March 3, 2022

Board of Directors  
Summit Public Schools Washington – Atlas  
Seattle, Washington

### **Report on Accountability**

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. Independent audits provide essential accountability and transparency for charter public school operations.

The attached comprises our independent audit report on the charter public school's compliance with applicable requirements and safeguarding of public resources for the areas we examined.

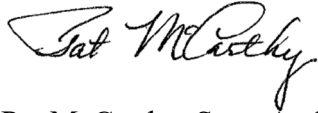
Summit Public Schools Washington is the charter management organization (CMO) over three charter schools in Washington State. One charter public school board with appointed members governs the three schools, including their day-to-day operations. The Board of Directors is the highest level of decision-making authority in the Summit Public Schools Washington system.

Our audits revealed an unprecedented disregard for Washington teacher certification requirements in these schools. They are public schools and they must follow the law. When they do not, as in these cases, it may result in unallowable state funding and may put student education at risk because non-certificated Washington teachers taught courses.

The Board of Directors has an obligation to ensure open government by following Washington state law, its authorizing contract, and its own policies and best practices. The Board of Directors did not monitor instructor qualifications, staff contracts, apportionment reporting and timely approval of expenditures.

We hope this audit proves valuable to those assessing the government's stewardship of public resources.

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

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## AUDIT RESULTS

### Background

Summit Public Schools Washington – Atlas (Summit Atlas) is a public school whose day-to-day operations are governed by its Board of Directors, which is the highest level of decision-making authority in a charter school.

Summit Public Schools Washington is the charter management organization (CMO) over three charter schools in Washington state – Summit Atlas, Summit Sierra and Summit Olympus. These schools are governed by one appointed charter public school board. The Board is responsible for meeting all legal requirements to which the charter public school is subject under applicable law and the charter public school's contract. The Board is also responsible for the charter public school's policy and operational decisions.

Summit Atlas began providing educational services to students in August 2017. During the 2019-2020 school year, Summit Atlas employed about 33 instructional staff and provided educational services to about 449 students in grades 6 to 11 in King County.

### Results in brief

This report describes the overall results and conclusions for the areas we examined. In the areas we examined, Summit Atlas's operations did not comply, in all material respects, with applicable state laws, regulations, and the charter's authorizing contract. Summit Atlas also did not establish adequate controls to safeguard public resources.

As referenced above, we identified areas where the charter public school could make improvements. These recommendations are included with our report as findings.

We also noted certain matters related to teacher endorsements that we communicated to management in a separate letter dated February 10, 2022.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

### About the audit

This report contains the results of our independent accountability audit of the Summit Public Schools Washington – Atlas from September 1, 2019 through August 31, 2020.

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

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the Washington State Auditor to examine the financial affairs of all local governments. Our audit involved obtaining evidence about the charter public school's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the year ended August 31, 2020, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Payroll – review contract terms, payments and teacher certifications
- Student enrollment – basic and special education reporting
- Restricted funds – professional learning allocation compliance and support
- Open public meetings – compliance with minutes, meetings and executive session requirements

## SCHEDULE OF AUDIT FINDINGS AND RESPONSES

### Summit Public Schools Washington - Atlas September 1, 2019 through August 31, 2020

#### **2020-001 The Summit Public Schools Washington – Atlas students were taught by non-certificated teachers resulting in the school receiving unallowable funding.**

##### ***Background***

Under state law (RCW 28A.710.020), charter public schools function as local educational agencies (LEAs) in Washington. Charter public schools are responsible for meeting the requirements of LEAs and public schools under applicable federal laws and regulations.

Summit Public Schools Washington is the charter management organization (CMO) over three charter schools in Washington, including Summit Public Schools Washington – Atlas (Summit Atlas). One charter public school board with appointed members governs the day-to-day operations of these three charter schools. The Board of Directors is the highest decision-making authority of these three charter schools. The Board is responsible for ensuring the charter schools comply with the charter's contract and applicable state laws. This includes establishing policies and effective internal controls over the charter schools' operational decisions, as well as monitoring and tracking certificated instructor qualifications, staff contracts and apportionment reporting.

Summit Atlas began providing educational services to students in August 2017. During the 2019-2020 school year, Summit Atlas employed about 33 instructional staff and provided educational services to about 449 students in grades 6 through 11 in King County.

Summit Atlas's authorizing contract with the Washington State Charter School Commission requires instructional staff to hold all applicable qualifications required by state or federal law. The Commission also requires the Board to approve all of the school's employment contracts. State law (RCW 28A.405.210, RCW 28A.410.025, WAC 392-121-200) requires all public school instructors to hold current Washington state teacher certificates. Someone who does not hold a valid, state-issued teacher certificate or permit is not considered a qualified and certificated teacher under state law.

The Office of Superintendent of Public Instruction (OSPI) uses the charter school's personnel data to calculate staff-to-student ratios to determine the school's compliance with maintaining a minimum ratio of 46 certificated instructional staff

per 1,000 full-time equivalent (FTE) students in grades K-12. OSPI also uses this data to determine the monetary penalty the school will receive for not maintaining this ratio. Staff reporting, along with student enrollment reporting, determines the allocation of state funds going to the charter school.

### *Description of Condition*

In fiscal year 2020, Summit Atlas received about \$5.7 million in state and federal funding.

During the audit period, the Board contracted with 12 instructional staff who did not hold current Washington state teacher certificates during the 2019-2020 school year. Ten of these instructors did not have any type of Washington instructional certification for the entire 2019-2020 school year. The school's initial offer letters for these staff members listed standard pre-employment documentation requirements, which included "confirmation of possession of a Washington teaching credential, or proof of an application to obtain one." The offer letters also included a statement that the employment offer was "subject to all current laws of the State of Washington [and] rules and regulations of the State Board of Education of Washington.

The school incorrectly reported six employees as instructional staff on its annual S-275 report, which provides OSPI with a record of the school's certificated and classified staff for calculating apportionment funding. OSPI's staff reporting guidance emphasizes that schools must carefully complete the report to ensure accuracy. Staff reporting and student enrollment reporting determines the allocation of state funds going to the charter school.

### *Cause of Condition*

Summit Atlas did not have adequate controls or oversight to ensure that all instructional staff held current Washington state teaching certificates, as required by state law and the charter's contract.

Although state law requires teachers to have current Washington state certificates, the school's documentation of instructor certificates was performed out of state. As a result, there was no local oversight and monitoring to ensure compliance with Washington state laws and regulations.



### *Effect of Condition*

Twelve non-certificated Washington instructional staff taught classes to students (151.03 AAFTE). This resulted in the school receiving an estimated \$2,184,855 more in apportionment funds than it should have.

This could also have an effect on the 2020-2021 school year, and it may result in the school receiving additional, unallowable funding because it may be reporting non-certificated teachers as instructional staff to OSPI.

This may also affect students because non-certificated Washington instructors taught courses at Summit Atlas.

### *Recommendation*

We strongly recommend Summit Atlas work with OSPI to:

- Calculate and return the amount of unallowable apportionment funding it received because a non-certificated instructor taught courses in the 2019-2020 school year
- Calculate and determine the additional and unallowable apportionment funding that it received because of any non-certificated instructors who taught courses in the 2020-2021 school year

We recommend Summit Atlas work with OSPI and the Washington State Board of Education to determine any effects this might have on students.

We further recommend Summit Atlas establish effective local oversight and monitoring for its operations and develop procedures to ensure compliance with state law and its charter contract. This includes:

- Ensuring instructional staff hold current Washington state teaching certificates
- Claiming enrollment only for instructional time provided by staff who hold Washington state teaching certificates
- Accurately reporting personnel data that OSPI uses for apportionment funding

## ***Summit Public Charter School Washington's Response***

*To Whom It May Concern:*

*This letter and the attached table together constitute Summit Public School Washington's response to the preliminary draft reports ("Draft Reports")<sup>1</sup> that the State Auditor's Office ("SAO") has prepared to summarize the results of its ongoing accountability audits of Summit Public School: Atlas, Summit Public School: Olympus, and Summit Public School: Sierra (collectively, "Summit"). Summit appreciates this opportunity to provide its input on the Draft Reports because, as detailed at length below, the Draft Reports are based on several fundamental misunderstandings of state law that Summit hopes will be corrected before the SAO issues final audit reports.*

*As a preliminary matter, Summit reiterates its serious due process concerns about the fairness of the SAO's audit process. The audit engagement letters originally estimated that the accountability audits would be completed in September 2021. This would have provided Summit with an acceptable opportunity to review the Draft Reports. However, because of the SAO's unexplained delay, the issuance of its audit reports coincided with the Washington State Charter School Commission's ("Commission") preparation and issuance of Summit Public School: Atlas's performance report under RCW 28A.710.190(2), which has already caused delay in its renewal process. Moreover, the delay has cut short the amount of time that Summit was provided to respond to the Draft Reports, leading to a substantially abbreviated comment period compared to the opportunity for review afforded to other schools.*

*More disconcerting is the fact that SAO staff may have discussed preliminary findings from the Draft Reports with legislators amid a contentious debate over the future of charter school funding in Washington. The Draft Reports' findings are all based on substantial legal errors, which could have been corrected if the SAO had provided the Draft Reports to Summit with enough time to provide feedback. It is concerning that the SAO may have inserted itself into that political debate without first soliciting feedback from Summit regarding its preliminary findings. Summit fully expects that the SAO will promptly correct any representations it made to lawmakers that were based on the legal errors that undergird the SAO's analysis in the Draft Reports.*

*Summit urges the SAO take enough time to thoughtfully evaluate and address the issues raised in these comments. These legal errors pervade the audit reports and*

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<sup>1</sup> The SAO provided Summit with revised drafts of the accountability audit reports the night of February 15, 2022, which was the day before Summit's responses were due. Summit has tried to ensure that these comments address the latest version of the reports, but due to the late notice of the revisions, some quotations herein may inadvertently reflect the earlier drafts.

*lead them to radically incorrect conclusions about Summit's history of meeting its statutory and contractual obligations. Summit is committed to working with the SAO cooperatively to ensure that the audit reports are as accurate as possible. However, the Draft Reports are so fundamentally flawed that Summit may have no choice but to explore judicial remedies if the reports are not substantially revised to correct the serious legal errors described below.*

**A. Summit's Comment on Draft Finding 2020-001**

*Finding 2020-001 in the Draft Reports currently reads:*

*The Summit Public Schools . . . students were taught by non-certificated teachers resulting in the school receiving unallowable funding.*

*As explained below, this finding is based on an erroneous interpretation of the law. First, the draft finding fails to recognize the explicit exception to the teacher certification requirement that applies to charter schools. Second, the Draft Reports' estimates for misallocated funds to Summit schools are unexplained and entirely implausible. Finally, there is no justification for the Draft Reports' implication that students may have been adversely affected by Summit's employment of some uncertificated teachers.*

**1. Public Schools, Including Charter Schools, Can Hire Non-Certified Teachers**

*The cover letter to the Draft Reports states:*

*Our audits revealed an unprecedented disregard for teacher certification requirements in these schools. They are public schools and they must follow the law.*

*The Draft Reports state:*

*Someone who does not hold a valid, state-issued teacher certificate or permit is not considered a qualified and certificated teacher under state law.*

*Summit agrees wholeheartedly that it operates public schools which must follow the law. But the Draft Reports grossly misinterpret the law regarding teacher certification. It is simply not the case that a person is only qualified to teach under Washington law if he or she has a state-issued teacher certificate.*

*The Washington Charter School Act, chapter 28A.710 RCW, explicitly allows charter schools to "hire noncertified instructional staff of unusual competence and in exceptional cases as specified in RCW 28A.150.203(7)." RCW 28A.710.040(2)(d) (emphasis added). The Summit Charter School Contracts*

*echo these statutory allowances, including the exception: “[i]nstructional staff shall maintain active certification in accordance with chapter 28A.410 RCW, unless instructional staff meets the requirements of RCW 28A.150.203(7).” (Paragraph 5.13; emphasis added.) That statute, in turn, provides,*

*“Classroom teacher” means a person who holds a professional education certificate and is employed in a position for which such certificate is required whose primary duty is the daily educational instruction of students. In exceptional cases, people of unusual competence but without certification may teach students so long as a certificated person exercises general supervision.*

*RCW 28A.150.203(7) (emphasis added). The Draft Reports simply invent a bright-line rule where none exists. The imagined clear demarcation between certificated teachers, who can serve as instructional staff, and non-certificated teachers, who cannot, is not grounded in the law.*

*The Draft Reports cite no statutory, regulatory, contractual, or policy definitions of “unusual competence,” “exceptional cases,” or “general supervision” that would preclude the uncertificated individuals who were employed by Summit in the 2019-20 school year from teaching. And Summit is not aware of any such definitions that limit its discretion to hire these individuals. The Draft Reports simply make no attempt to assess whether the teachers who were at Summit fall within the exception explicitly recognized in RCW 28A.710.040(2)(d), RCW 28A.150.203(7), and the Summit charter school contracts. By failing to apply the statute as written to the facts that the SAO has learned in the audit process, including the certification exception, the SAO’s conclusion that it has uncovered an “unprecedented disregard for teacher certification requirements” is reckless.*

*Although not applicable to public schools like Summit, regulations implementing a virtually identical certification requirement applicable to private schools provides helpful guidance to understand the extent of the certification exemption in RCW 28A.710.040(2)(d). Washington law provides that “[a]ll [private school] classroom teachers shall hold appropriate Washington state certification except . . . (b)[i]n exceptional cases, people of unusual competence but without certification may teach students so long as a certified person exercises general supervision.” RCW 28A.195.010(3). The Board of Education has adopted a rule to clarify this statutory provision that defines “exceptional case” to mean:*

*a circumstance... within a private school in which:*

*(i) The educational program offered by the private school will be significantly improved with the employment of a non-Washington state certificated teacher. Each teacher not holding a valid Washington state certificate shall have experience or*

*academic preparation appropriate to K-12 instruction and consistent with the school's mission . . . ; and*

*(ii) The school employs at least one Washington state certified teacher, administrator, or superintendent who provides general supervision to any non-Washington state certificated teacher.*

*WAC 180-90-112(5)(b) (emphasis added). The rule defines “Unusual Competence” to mean “an exceptional case wherein the educational program... will be significantly improved with the employment of a non-Washington state certificated teacher.” WAC 180-90-112(5)(c). Finally, it defines “General Supervision” to mean “that a Washington state certificated teacher, administrator, or superintendent shall be generally available at the school site to observe and advise the teacher employed under provision of (c) of this subsection and shall evaluate pursuant to policies of the private school.” WAC 180-90-112(5)(d) (emphasis added).*

***To paraphrase, private schools comply with a substantively identical teacher certification requirement by hiring a single state-certified teacher who will be generally available to observe and advise the non-certified teachers, who may be hired as long as the school determines they bring a significant improvement to the school's educational program.*** While these regulatory definitions do not apply to charter schools, they do set the mark for the minimum degree of latitude that a court will provide the charter schools in decisions to hire noncertified teachers.

*The Attorney General has issued an opinion affirming that the Board of Education's rules are consistent with the statutory certification exemption. The opinion concluded that the rule reasonably fills statutory gaps because the term “‘exceptional cases’ has no apparent fixed or single meaning in this context. Certainly, the Board could have defined the term more narrowly, but adoption of the most narrow definition is not legally compelled.” Wash. AGO 2003 NO. 8 (2003). If the Board of Education was not compelled to adopt the most narrow view of the certification exemption for private schools, the SAO has even less warrant to do so in the context of the certification exemption recognized in RCW 28A.710.040(2)(d). Unlike the Board of Education, the SAO does not have any rulemaking authority to set requirements for the hiring of non-certificated teachers. Rather, the SAO's task is to apply the law as it exists to Summit's history and determine whether Summit has met its legal and contractual obligations.*

*Because the Draft Reports radically overstate Washington's teacher certification requirements, and completely fail to offer any analysis of the explicit exceptions thereto, any conclusion that Summit has not complied with Washington teacher certification requirements should be removed from the Draft Reports.*

2. *Summit Students Have Not Been Adversely Affected by Summit's Hiring Decisions*

*The cover letter to the Draft Reports states:*

*When [charter schools] do not [follow the law], as in these cases, it may . . . put student education at risk.*

*The Draft Reports state:*

*We also recommend Summit . . . work with OSPI and the Washington State Board of Education to determine the effect, if any, this might have on students.*

*Summit appreciates that the SAO reconsidered the even more inflammatory earlier version of this statement in the initial Draft Reports, which implied, with no legal justification whatsoever, that the state might revoke previously awarded credits from Summit's students because they were earned in classrooms that were not led by certificated teachers. Nevertheless, the current passage is still baseless speculation that Summit's hiring decisions adversely impacted its students in unspecified ways.*

*As part of Summit Public Schools: Atlas's contract renewal process, the Commission performed a comprehensive review of Atlas's academic, organizational, and financial performance throughout the contract period. Summit is proud that the Commission's initial Renewal Recommendation Report, dated November 19, 2020,<sup>2</sup> recognized Summit: Atlas for its "positive-trending academic data combined with the information provided in the inspection report[, which] suggest that the school is working diligently to provide a holistic educational environment that support students in achieving their short-term academic goals and long-range post-secondary aspirations." Based in large part on Summit Public Schools: Atlas's record of academic success, the Commission recommended renewal.*

*There is no basis for the SAO to speculate that Summit students have been adversely impacted by Summit's hiring decisions.*

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<sup>2</sup> Summit understands that the Charter School Commission is preparing a new renewal recommendation report based on information that it has learned from the SAO audit process.

3. *The Draft Reports' Estimates of Misallocated Funds Are Implausible and Unfounded*

*The Draft Reports state:*

*Thirteen non-certificated instructional staff taught classes to students (169.17 AAFTE). This resulted in [Summit Public Schools: Atlas] receiving an estimated \$2,483,000 more in apportionment funds than it should have.*

*Eleven non-certificated instructional staff taught classes to students (126.49 AAFTE). This resulted in [Summit Public Schools: Sierra] receiving an estimated \$1,539,000 more in apportionment funds than it should have.*

*One non-certificated instructional staff taught classes to students (16.06 AAFTE). This resulted in [Summit Public Schools: Olympus] receiving an estimated \$167,000 more in apportionment funds than it should have.*

*Even if the SAO remains convinced that it was unlawful for Summit to hire noncertified instructional staff (it is not), the more than \$4 million figure that the SAO alleges was misallocated as a result is neither adequately explained nor plausible. It is wrong and irresponsible for the SAO to include these estimates without explaining how they were derived.*

*Summit's ability to comment on the SAO's estimates is severely hampered because the Draft Reports do not explain how those numbers were calculated. Based on discussions with the SAO, we understand the SAO asked OSPI to estimate the figures based on the number of certificated teachers employed by Summit. The Draft Reports do not, but should, describe the assumptions made by OSPI, the information in OSPI's possession, the statutes and regulations OSPI applied, and exactly how OSPI came to the estimates that are included in the Draft Reports. The fact that the Draft Reports estimate the funding that was allegedly misallocated to Summit, but does not even cite, much less attempt to analyze, RCW 28A.150.260, which actually creates the funding allocation formula for schools, is a glaring omission. If the SAO cannot adequately explain its estimates of the alleged overpayments to Summit schools, it should not include them in the Draft Reports.*

*Funding for charter schools is allocated with the same formula used for traditional public schools. "The superintendent shall, for purposes of making distributions under this section, separately calculate and distribute to charter schools moneys appropriated for general apportionment under the same ratios as in RCW 28A.150.260." RCW 28A.710.280(2)(a). A clue as to why the estimated quantities in the Draft Reports are almost certainly incorrect is that "[a]mounts*

*distributed to a charter school... in the school's first year of operation must be based on the projections of first-year student enrollment established in the charter contract.” RCW 28A.710.220. This reflects the fact that school funding in Washington is primarily driven by student enrollment, and not by staffing.*

*The law establishing the funding formula for public schools provides,*

*[T]he distribution formula for the basic education instructional allocation shall be based on minimum staffing and nonstaff costs the legislature deems necessary to support instruction and operations in prototypical schools serving high, middle, and elementary school students as provided in this section. The use of prototypical schools for the distribution formula does not constitute legislative intent that schools should be operated or structured in a similar fashion as the prototypes. Prototypical schools illustrate the level of resources needed to operate a school of a particular size with particular types and grade levels of students using commonly understood terms and inputs, such as class size, hours of instruction, and various categories of school staff.*

*RCW 28A.150.260 (emphasis added). Thus, in general outline, the funding formula starts with the number of enrolled students, then allocates funding to the school based on the Legislature’s estimates how many teachers, administrators, staff, and other costs a “prototypical” school would require to provide that many students with a basic education. The 2019-21 state operating budget confirms this understanding: “The superintendent shall make allocations to school districts based on the district’s annual average full-time equivalent student enrollment in each grade.” Laws of 2019, chapter 415 § 504(2)(a) (emphasis added).*

*Based on documents that were provided with the Draft Reports, Summit gathers that the fundamental error in the SAO’s estimate of overpayments arises from three memoranda dated February 10, 2022, from Cheryl Thresher, Audit Manager at the SAO to the Office of Superintendent of Public Instruction. In these memoranda, the SAO concludes that Summit over-reported the number of annual average full-time equivalent (“AAFTE”) students. But the only reason that the memoranda cite for their conclusion that the number of AAFTE students was over-reported is that “Staff instructing core classes did not have current Washington State Teaching Certificate.” This analysis is fundamentally untenable.*

*The Draft Reports rely on WAC 392-121-106, which defines an “enrolled student” as one who “[a]ctually participated on a school day during the first four school days of the current school term (semester or quarter), or on a school day during the current school year on or prior to the date being counted, in a course of study offered by the school district or charter school as defined in WAC 392-121-107.”*



*WAC 392-121-106. A course of study is defined as “teaching/learning experiences conducted by charter school staff as directed by the charter school administration and charter school board, inclusive of intermissions for class changes, recess and teacher/parent-guardian conferences that are planned and scheduled by the district or charter school for the purpose of discussing students' educational needs or progress, and exclusive of time for meals.” WAC 392-121-107(1)(a). Absolutely nothing in these definitions turns on whether the enrolled student is taught by a certificated teacher. Therefore, the lack of certificates cannot be used to ignore large fractions of Summit’s student body for funding purposes.*

*The law clearly establishes that “[n]othing in this section requires school districts to maintain a particular classroom teacher-to-student ratio or other staff-to-student ratio or to use the allocated funds to pay for particular types or classifications of staff.” RCW 28A.150.260(2)(a) (emphasis added). But the SAO analysis flips this analysis on its head by using the number of staff that it considers legitimate to write out a large number of students from the school funding calculation. This is fundamentally contrary to state school funding law.*

*The final reason to seriously doubt the SAO’s estimates of overpaid funds is that, putting aside the problems identified above, they lump all of state and federal funds received by Summit into a single bucket. The SAO estimates do not appear to account for the fact that the funding associated with classroom teachers under RCW 28A.160.260(4)(a)(i) is only a portion of the total regular allocation funds allocated to any given school. For example, schools also receive allocations based on the assumed number of principals, teacher-librarians, health and social services, guidance counselors, custodians, and many others. RCW 28A.160.260(5). And aside from these regular allocation funds, schools receive funding for student transportation (RCW 28A.160.180), career and technical educational programs (RCW 28A.160.265), special education programs (RCW 28A.150.390), Transitional Bilingual Instruction Program (RCW 28A.180.080), and other sources that have no relationship to the number of certificated teachers that a school is assumed to have for the purposes of calculating funding under RCW 28A.160.260. But the SAO analysis appears to assume that all of these funds would be reduced in proportion to the number of non-certificated teachers employed by Summit, which makes absolutely no sense.*

*The SAO should remove estimates from its Draft Reports because they are neither justified nor plausible. If the SAO intends to keep the estimates, the Draft Reports should at a minimum be revised to carefully explain how the funding formula in RCW 28A.150.260 alters the funding that Summit schools would have received if they had hired only certificated teachers, if at all. Summit is confident that such a careful analysis will show that amounts improperly distributed to Summit, if any at all, are nowhere near the estimates in the Draft Reports.*

4. *Charter schools are not subject to the 46:1000 teacher-to-student ratio requirement*

*The Draft Reports state:*

*The Office of Superintendent of Public Instruction (OSPI) uses the charter school's personnel data to calculate staff-to-student ratios to determine the school's compliance with maintaining a minimum ratio of 46 certificated instructional staff per 1,000 full-time equivalent (FTE) students in grades K-12. OSPI also uses this data to determine the monetary penalty the school will receive for not maintaining this ratio.*

*This passage materially misstates the law because charter schools are not subject to the statute that establishes the 46:1,000 ratio referenced in the report, RCW 28A.150.100. That statute states that "[e]ach school district shall maintain a ratio of at least forty-six basic education certified instructional staff to one thousand annual average full-time equivalent students." (Emphasis added). On its face, it does not apply to charter schools.*

*As a general matter, charter schools are exempted from generally applicable laws that apply to school districts. The Charter School Act, chapter 28A.710 RCW, provides that*

*For the purpose of allowing flexibility to innovate in areas such as scheduling, personnel, funding, and educational programs to improve student outcomes and academic achievement, charter schools are not subject to, and are exempt from, all other state statutes and rules applicable to school districts and school district boards of directors. Except as provided otherwise by this chapter or a charter contract, charter schools are exempt from all school district policies.*

*RCW 28A.710.040(3). Against this backdrop of a general exemption from the statutes and rules applicable to school districts, the Charter School Act does identify specific statutes as applicable to charter schools. For example, the Charter School Act specifically incorporates certain parts of chapter 28A.150 RCW:*

- *"Provide a program of basic education, that meets the goals in RCW 28A.150.210," RCW 28A.710.040(2)(b) (emphasis added);*
- *"Employ certificated instructional staff as required in RCW 28A.410.025. Charter schools, however, may hire noncertificated instructional staff of unusual competence and in exceptional cases as specified in RCW 28A.150.203(7)," RCW 28A.710.040(2)(d) (emphasis added);*
- *"Years of service in a charter school by certificated instructional staff shall be included in the years of service calculation for purposes of the*

*statewide salary allocation schedule under RCW 28A.150.410,” RCW 28A.150.240 (emphasis added);*

- *“For eligible students enrolled in a charter school established and operating in accordance with this chapter, the superintendent of public instruction shall transmit to each charter school an amount calculated as provided in this section and based on the statewide average salaries set forth in RCW 28A.150.410 for certificated instructional staff,” RCW 28A.710.280(2) (emphasis added); and*
- *“The superintendent shall, for purposes of making distributions under this section, separately calculate and distribute to charter schools moneys appropriated for general apportionment under the same ratios as in RCW 28A.150.260,” RCW 28A.710.280(2)(a) (emphasis added).*

*Although the Legislature specifically applied these sections of chapter 28A.150 RCW to charter schools, it did not see fit to require charter schools to abide by the student teacher ratios established by RCW 28A.150.100. That statute therefore falls under the blanket exemption from laws generally applicable to school districts established by RCW 28A.710.040(3).*

*Because the SAO in the Draft Reports do not spell out how the estimates of the allegedly misallocated funds are calculated, Summit does not know whether they include any financial penalty for not meeting the 46:1,000 teacher to student ratio. If they do, the estimates must be revised to account for the fact that requirement does not apply to Summit. In any event, the Draft Reports should be revised to avoid incorrectly stating that charter schools are subject to RCW 28A.150.100.*

## **B. Summit’s Comment on Draft Finding 2020-002**

*Finding 2020-002 in the Draft Reports currently reads:*

*The charter public school’s Board of Directors did not fully comply with the Open Public Meetings Act’s requirements for timely review and approval of payments.*

*This finding is flawed because the behavior described has absolutely nothing to do with the Open Public Meetings Act (“OPMA”), and because none of the statutes or policy documents require charter school boards to meet monthly.*

### **1. Summit Schools Have Not Violated the OPMA**

*The Draft Reports frame their second finding as a violation of the OPMA. However, nothing in the discussion of this finding describes a violation of the OPMA, which is codified in chapter 42.30 RCW. Instead, it refers to chapter 28A.343 RCW, the contracts for the Summit schools, and the Accounting Manual for Public School*

*Districts in the State of Washington. If the SAO retains this finding, it should revise it to refer to the correct statute(s).*

**2.     *The Summit Boards are not Required to Meet Monthly***

*The preliminary draft reports state:*

*Under state law (RCW 28A.343.380), the Board must hold monthly meetings and provide timely approval of payments. Summit Atlas's charter contract with the Washington State Charter Commission does not exempt the Board from complying with the OPMA's requirements for monthly meetings and timely approval of payments.*

*This finding is in error because RCW 28A.343.380 does not apply to charter school boards. That statute reads, "Regular meetings of the board of directors of any school district shall be held monthly or more often at such a time as the board of directors by resolution shall determine or the bylaws of the board may prescribe." (Emphasis added.)*

*As a general matter, charter schools are exempted from generally applicable laws that apply to school districts. The Charter School Act, chapter 28A.710 RCW, provides that*

*For the purpose of allowing flexibility to innovate in areas such as scheduling, personnel, funding, and educational programs to improve student outcomes and academic achievement, charter schools are not subject to, and are exempt from, all other state statutes and rules applicable to school districts and school district boards of directors. Except as provided otherwise by this chapter or a charter contract, charter schools are exempt from all school district policies.*

*RCW 28A.710.040(3). Against this backdrop of a general exemption from the statutes and rules applicable to school districts, the Charter School Act does identify specific statutes as applicable to charter schools. For example, the Charter School Act specifically applies RCW 28A.343.100 to the management of charter schools. RCW 28A.710.360. But the Legislature did not see fit to require charter schools to abide by RCW 28A.343.380. That statute therefore falls under the blanket exemption from laws generally applicable to school districts established by RCW 28A.710.040(3), and it is erroneous for the SAO to base a finding on a contrary reading of the law.*

*The Accounting Manual for Public School Districts only requires that "The Board of Directors shall provide for its review of the documentation supporting claims*

*paid and for its approval of all checks or warrants issued in payment of claims at its next regularly scheduled public meeting.” Accounting Manual for Public School Districts at 3-18. It says nothing about how often those regularly scheduled meetings are required to occur. Moreover, Section 9.9 of the charter school contracts that govern the operation of Summit’s schools merely require that “[a]ccounts must be reconciled on a monthly basis.” If they intended to say “reconciled and approved by the Board,” they would have.*

*The Draft Reports should be revised to reflect the fact that Summit’s Board is not prohibited from approving payments in accordance with RCW 42.24.180 on a bi-monthly basis.*

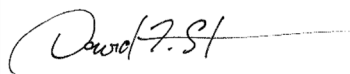
**C.     *Miscellaneous Responses***

*The table below provides detailed responses to specific portions with the Draft Reports.*

**D.     *Conclusion***

*Summit submits these comments in the hope that the SAO will reconsider the fundamentally erroneous legal assumptions in the Draft Reports so that they can be corrected before the audit reports are finalized. If they are substantively revised, Summit requests that it be again afforded the opportunity to provide input in order to avoid yet further inaccuracies.*

*Regards,*

A handwritten signature in black ink, appearing to read "David F. Stearns", with a horizontal line extending to the right.

David F. Stearns

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*Summit Public Schools Washington takes our responsibility as an entity entrusted with the public education of students in the State of Washington very seriously. We firmly believe that a high-quality public education is a right that must be afforded to all Washingtonians and is not a privilege reserved for some. With this belief centered, we are committed to uphold the public trust and ensure transparency and accountability to all our educational partners. As an organization, we not only hold deep reverence for our teachers who are doing the critical work every day of delivering on our promise to students, but we deeply respect the laws and regulations that govern our operations. To the extent we or other government entities identify issues that require remediation, we are committed to quickly rectifying the problem. Through our engagement with the SAO and through our own scrutiny of operations, we have worked to improve areas in our systems that could lead to filing errors or knowledge gaps around requirements, documentation, and process. We anticipate working closely with the Washington Charter School Commission as the oversight body for our schools and the OSPI as the entity responsible for teacher certification and compliance to ensure that our systems and governance are strong and adequately reflect our commitment to the families we serve.*

*The following table sets forth statements from representatives of Summit Public Schools Washington to the preliminary draft audits issued by the State Auditor's Office.*

| <u><b>Page</b></u>                     | <u><b>Draft Report Statement / Calculation</b></u>   | <u><b>Response</b></u>   |
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| Atlas - 2<br>Olympus - 2<br>Sierra - 2 | <p><i>“Summit Public Schools is the charter management organization (CMO) over three charter schools in Washington state. One charter public school Board with appointed members governs the three schools, including their day-to-day operations. The Board of Directors is the highest level of decision-making authority in the Washington Summit Public Schools system.”</i></p> | <p><i>Under the bylaws of Summit Public School Washington (“Summit Washington”), “The purpose of this Corporation is to manage, operate, guide, direct and promote one or more Washington public charter schools.”</i></p> <p><i>Suggested Correction:</i><br/> <i>“Summit Public Schools Washington is the charter management organization (CMO) that supports three charter schools in the State of Washington. One Board of Directors with appointed members manages, operates,</i></p> |

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|  |  | <p><i>guides, directs, and promotes the three schools. The Board of Directors is the highest level of decision-making authority for Summit Public Schools Washington.”</i></p> <p><i>Under the bylaws of Summit Public School Washington, “The purpose of this Corporation is to manage, operate, guide, direct and promote one or more Washington public charter schools.” School boards, in general, delegate day-to-day management to an executive or superintendent and/or staff.</i></p> |
| <p><i>Atlas - 2</i><br/> <i>Olympus - 2</i><br/> <i>Sierra - 2</i></p> | <p><i>“The Board did not monitor instructor qualifications, staff contracts, apportionment reporting, and timely approval of expenditures.”</i></p>          | <p><i>This statement implies that Summit Washington did not do any of these activities, which is false.</i></p> <p><i>The SAO provides no evidence to support the assertion that the Board did not perform any oversight duties. In particular, the Board minutes indicate the Board’s role in providing oversight including instructor qualifications, apportionment reporting, and timely approval of expenditures. SPS WA does execute employment contracts with staff.</i></p>            |
| <p><i>Atlas - 5</i><br/> <i>Olympus - 5</i><br/> <i>Sierra - 5</i></p> | <p><i>“In the areas we examined, Summit Atlas’ operations did not comply, in all material respects, with applicable state laws, regulations, and the</i></p> | <p><i>This statement reads as though Summit Washington failed in all material aspects, which is not what Summit believes is intended. Summit suggests that “some material respects”</i></p>   |

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|   | <i>charter’s authorizing contract. Summit Atlas did not establish adequate controls to safeguard public resources”</i>   | <i>would more accurately convey the SAO’s intent. Moreover, the final sentence, “Summit Atlas did not establish adequate controls to safeguard public resources,” is categorically false and is not supported by the SAO’s findings.</i>  |
| <i>Atlas - 5<br/>Olympus - 5<br/>Sierra - 5</i> | <i>“This report contains the results of our independent accountability audit of the Summit Public Schools Washington-Olympus from September 1, 2019 through August 31, 2020”</i> | <i>Not accurate. The SAO only requested information for the 2019-20 school year (i.e. information from the first day of school to the last day of school - 8/21/2019 to 6/16/2020). Extending the audit period to 8/31/2020 would include a portion of the 2020-21 school year and would change the findings related to several statistics discussed in the Draft Reports, including teacher certification.</i> |
| <i>Atlas - 7<br/>Olympus - 7<br/>Sierra - 7</i> | <i>Summit Public Schools is the charter management organization (CMO) over three charter schools in Washington, including Summit Public Schools – Atlas (Summit Atlas).</i>      | <i>“Summit Public Schools Washington” is the CMO over these schools<br/><br/>This paragraph should be revised based on the same adjustments on pages 5 &amp; 8.</i>   |
| <i>Atlas - 8<br/>Olympus - 8<br/>Sierra - 8</i> | <i>The 2nd paragraph says the school “received about \$5.7 million” (Atlas)<br/>“received about \$2.5 million” (Olympus)<br/>“received about \$4.1 million” (Sierra)</i>         | <i>The aggregate figures calculated by the SAO include restricted or committed sources of funds with no connection to funds allocated for staffing.</i>   |



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| <p><i>Atlas - 8</i></p> | <p><i>The 3rd paragraph says “13 instructional staff who did not hold current Washington state teacher certificates during the 2019-20 school year.” (Atlas)</i></p> | <p><i>Correction. Consistent with prior communications, restate to “12 instructional staff who did not hold a current Washington state teacher certification for some length of time during the 2019-20 school year.”</i></p> <p><i>Report does not account for teachers that received certificates during the school year.</i></p> <ol style="list-style-type: none"> <li><i>1. Annea Brown (Sierra) - She was a mid-year hire effective 1/6/2020. During her time at Sierra HS, she held a valid Emergency Substitute Certificate issued on 1/26/2018 thru 6/30/2020. In the most recent document received by the school, the SAO identifies that this teacher did not have a current WA teaching credential. See attached supporting documentation demonstrating otherwise.</i></li> <li><i>2. Megan McGraw (Atlas) - She held a temporary permit issued on 5/3/2019</i></li> </ol> |
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|  |  | <p>thru 5/3/2020. She cleared her deficiencies and was issued the Residency Teacher (First Issue) Certificate on 4/20/2020 thru 6/30/2021. In the most recent document received by the school, the SAO identifies that this teacher did not have a current WA teaching credential. See attached supporting documentation demonstrating otherwise.</p> <p>3. Beth Portree [AKA Elizabeth McAloon] (Sierra) - She held a temporary permit issued on 10/2/2018 thru 10/2/2019. She needed more time to complete the deficiencies on her Residency Teacher (First Issue) Certificate, she was then issued the Substitute Teacher Certificate on 11/4/2019. In the most recent document received by the school, the</p> |
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|   |  | <p><i>SAO identifies that this teacher did not have a current WA teaching credential. See attached supporting documentation demonstrating otherwise.</i></p>   |
| <p><i>Atlas - 8</i></p>                       | <p><i>10 of these teachers did not have any type of instructional certification for the entire year</i></p>  | <p><i>Correction. Restate to “Ten of these instructional staff did not obtain their Washington state teacher certificate during their period of employment at Summit Public Schools during the 2019-20 school year.” Some of the teachers without Washington certificates left Summit in the course of the school year and may have received certificates after their relationship with Summit ended.</i></p>  |
| <p><i>Atlas - 8</i><br/><i>Sierra - 8</i></p> | <p><i>The school incorrectly reported six employees as instructional staff on its annual S275 report, which provides OSPI with a record of the school’s certificated and classified staff for calculating apportionment funding. OSPI’s staff reporting guidance emphasizes that schools must carefully complete the report to ensure accuracy. Staff reporting and student enrollment reporting</i></p> | <p><i>This statement appears to refer to six employees at Summit Washington: Atlas who were incorrectly assigned a Duty Code that indicated that they were certified. However, five of these six were inadvertently assigned a Duty Code for certificated administrators, not instructional staff.</i></p> <p><i>This statement appears to refer to 14 employees at Summit Washington: Sierra who were incorrectly assigned a code that indicated that they were</i></p> |

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|  | <p><i>determines the allocation of state funds going to the charter school. (Atlas)</i></p> <p><i>The school incorrectly reported 14 employees as instructional staff on its annual S275 report, which provides OSPI with a record of the school's certificated and classified staff for calculating apportionment funding. OSPI's staff reporting guidance emphasizes that schools must carefully complete the report to ensure accuracy. Staff reporting and student enrollment reporting determines the allocation of state funds going to the charter school. (Sierra)</i></p> | <p><i>certified. However, three of these 14 were inadvertently assigned a Duty Code for certificated administrators, not instructional staff.</i></p>   |
| <p><i>Atlas - 8</i></p> <p><i>Olympus - 8</i></p> <p><i>Sierra - 8</i></p> | <p><i>"The school's documentation of instructor certificates was performed out of state. As a result, there was no local oversight and monitoring to ensure compliance with Washington state laws and regulations"</i></p>   | <p><i>This is incorrect. The SAO provides no support to the assertion that there was no local oversight and monitoring or the legal basis for a determination of "local oversight and monitoring. In addition, 2019-20 included the onset of pandemic and related lockdowns. For example, during the 2019-20 school year numerous state and local employees went remote, which did not change their job duties or affect their performance.</i></p> |

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| <i>Atlas - 8 (2nd full paragraph) &amp; 9 (1st paragraph)</i> | <i>13 non-certificated instructional staff taught classes to students (Atlas)</i>  | <b><u>ATLAS</u></b><br><i>Correction, 12 non-certificated instructional staff taught at Summit Public Schools: Atlas.</i>  |
| <i>Atlas - 9<br/>Olympus - 9<br/>Sierra - 9</i>               | <i>“This could also have an effect on the 2020-21 school year, and it may result in the school receiving additional, unallowable funding because it may be reporting non-certificated teachers as instructional staff to OSPI”</i> | <i>The SAO Report is speculative and makes an assumption, without evidence, about a year outside of the covered audit period. To the extent the SAO requires a review of the 2020-21, such information would apply to the accountability audit for such period and not this report.</i>  |
| <i>Atlas - 9<br/>Olympus - 9<br/>Sierra - 9</i>               | <i>“This may also affect students because non-certificated Washington instructors taught at Summit”</i>  | <i>The SAO Report is speculative and attempts unsuccessfully to assert a negative impact to students. The updated draft audit does not remedy the SAO's unsupported assertions about students. The Legislature has not mandated teacher certificates. Accordingly, it is unclear why students would be negatively affected. This sentence should be deleted.</i> |
| <i>12</i>   | <i>Recommendation #1 says “Calculate and return the amount of unallowable apportionment funding it received because a non-certificated instructor taught courses in the 2019-20 school year”</i>                                   | <i>The Draft Reports do not establish that Summit has received unallowable apportionment funding during the 2019-20 school year. The SAO should remove this recommendation for each school. Summit is always willing to provide OSPI with</i>  |

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|   |   | <i>information relating to school funding.</i>   |
| <i>12</i>   | <i>Recommendation #2 says “Calculate and determine the additional and unallowable apportionment funding that it received because of any non-certificated instructors who taught courses in the 2020-21 school year”</i> | <i>The SAO Report is speculative and makes an assumption, without evidence, about a year outside of the covered audit period. To the extent the SAO requires a review of the 2020-21, such information would apply to the accountability audit for such period and not this report.</i>  |
| <i>17<br/>(16 for<br/>Olympus &amp;<br/>Sierra)</i> | <i>“The charter public school’s Board of Directors did not fully comply with the Open Public Meetings Act’s requirements for timely review and approval of payments.”</i>   | <p><i>The Open Public Meeting Act does not prescribe the frequency or quantity of public meetings, nor does it pertain to the review and approval of payments. Summit’s Board, consistent with its statutory authority, its charter school contracts, and its bylaws, has elected to meet bi-monthly.</i></p> <p><i>Restate as “Summit Public School Washington’s Board of Directors”</i></p> <p><i>RCW 42.30.070 The governing body of a public agency shall provide the time for holding regular meetings by ordinance, resolution, bylaws, or by whatever other rule is required for the conduct of business by that body.</i></p> <p><i>Summit Public Schools Washington’s Board of Directors annually adopts a calendar of regular board meetings. This calendar is</i></p> |

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|   |   | <p><i>provided to the Commission as a component of regular governance oversight. The annual meeting schedule is publicly posted on the Summit Public Schools website and is updated as needed should the Board determine that additional meetings are necessary to conduct the business of the Board.</i></p>   |
| <p><i>Atlas - 13</i><br/> <i>Olympus - 14</i><br/> <i>Sierra - 13</i></p> | <p><i>“Under state law (RCW 28A.343.380), the Board must hold monthly meetings and provide timely approval of payments. Summit[’s] charter contract with the Washington State Charter Commission does not exempt the Board from complying with the OPMA’s requirements for monthly meetings and timely approval of payments.”</i></p> | <p><i>RCW 28A.343.380 is not the Open Public Meetings Act (RCW 42.30), and in any event does not apply to charter schools. The charter contracts governing Summit schools require only that “Accounts must be reconciled on a monthly basis.” It does not require submission to the Board on a monthly basis.</i></p> <p><i>Unclear why the SAO is incorporating a monthly meeting requirement under a different chapter into the Open Public Meeting Act.</i></p> <p><i>The cited chapter is not referenced in the Charter School Contract at all.</i></p> |
| <p><i>Atlas - 14</i><br/> <i>Olympus - 15</i><br/> <i>Sierra - 14</i></p> | <p><i>The Board collectively approved expenditures for all Summit Public Schools. The Board’s meeting minutes did not identify or separate expenditures by each school</i></p>  | <p><i>Summit disagrees with this statement. The Board approved expenditures on a school-by-school basis.</i></p> <p><i>This finding is the result of the SAO’s failure to examine the full documentary evidence of the Board’s actions. The</i></p>   |

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|   |  | <p>public meeting materials and documents provided to the Board were on a school basis. They may have been approved on one motion, but the expenditures are disaggregated by school.</p>   |
| <p><i>Atlas - 17</i><br/><i>Olympus - 18</i><br/><i>Sierra - 17</i></p> | <p><b>ATLAS</b><br/>The 4th paragraph says "The public charter school operates in one building and employs approximately 66 employees."<br/><b>OLYMPUS</b><br/>The 4th paragraph says "The public charter school operates in one building and employs approximately 40 employees."<br/><b>SIERRA</b><br/>The 4th paragraph says "The public charter school operates in one building and employs approximately 57 employees."</p> | <p>This number reflects the total number of unique individuals who were employed for any amount of time throughout the school year, but the draft reports read as though these numbers refer to the number of employees that the school has at any one time. The numbers in the report inflate the number of employees on staff at any one time by counting substitute teachers and multiple people who may occupy one staff position throughout the year due to turnover.</p> <p><b><u>ATLAS</u></b><br/>Correction. Restate as<br/>"The school operates in one building and employed approximately 38 employees during the 2019-20 school year."</p> <p><b><u>OLYMPUS</u></b><br/>Correction. Restate as "The school operates in one building and employed approximately 20 employees during the 2019-20 school year."</p> |



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| <i>Atlas - 17</i><br><i>Olympus - 18</i><br><i>Sierra - 17</i> | <i>Contact information for each school should be updated</i> | <i>Summit Public School: Atlas</i><br><i>9601 35th Ave. SW</i><br><i>Seattle, WA 98126</i><br><br><i>Summit Public School: Olympus</i><br><i>409 Puyallup Avenue</i><br><i>Tacoma, WA 98421</i><br><br><i>Summit Public School: Sierra</i><br><i>1025 S King Street</i><br><i>Seattle, WA 98104</i><br><br><i>Phone Number: (650) 257 9880</i> |
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### ***Auditor's Remarks***

We appreciate and carefully considered Summit Washington's response to this audit. The audit took longer than estimated because auditors discovered significant noncompliance and faced delays in obtaining information from the charter schools. We provided the audit results and conclusions to charter school management in January 2022, and then provided a draft audit report including the estimated amounts of overfunding on February 10, 2022. We received the charter's response on February 16, 2022, which is within our typical seven-day comment period.

Washington charter schools are public schools and must follow Washington teacher certification requirements. We confirmed during the audit that the charter school did not have a Co-Teaching Model under RCW 28A.150.203(7) or its equivalent and did not supply documented justification that would have allowed for exceptions to the teacher certification requirements.

OSPI calculated the estimated overpayments of apportionment funding based on the results of our audit.

We reaffirm our finding.

## *Applicable Laws and Regulations*

### Charter School Contract, Section 5.13—Staff Qualifications:

Instructional staff, employees, and volunteers shall possess all applicable qualifications as required by state or federal law. Instructional staff shall maintain active certification in accordance with chapter 28A.410 RCW, unless instructional staff meets the requirements of RCW 28A.150.203(7).

### RCW 28A.150.203—Definitions.

(3) “Certificated employee” as used in this chapter and RCW 28A.195.010, 28A.405.100, 28A.405.210, 28A.405.240, 28A.405.250, 28A.405.300 through 28A.405.380, and chapter 41.59 RCW, means those persons who hold certificates as authorized by rule of the Washington professional educator standards board.

(4) “Certificated instructional staff” means those persons employed by a school district who are nonsupervisory certificated employees within the meaning of RCW 41.59.020(8), except for paraeducators.

(7) “Classroom teacher” means a person who holds a professional education certificate and is employed in a position for which such certificate is required whose primary duty is the daily educational instruction of students. In exceptional cases, people of unusual competence but without certification may teach students so long as a certificated person exercises general supervision ...

### RCW 28A.710.040—Charter schools—Requirements.

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

(2) A charter school must:

(d) Employ certificated instructional staff as required in RCW 28A.410.025. Charter schools, however, may hire noncertificated instructional staff of unusual competence and in exceptional cases as specified in RCW 28A.150.203(7) . . .

(3) Charter public schools must comply with all state statutes and rules made applicable to the charter school in the school's charter contract, and are subject to the specific state statutes and rules identified in subsection (2) of this section . . .

(5) Charter schools are subject to the supervision of the superintendent of public instruction and the state board of education, including accountability measures, to the same extent as other public schools, except as otherwise provided in this chapter.

RCW 28A.410.025—Qualifications—Certificate or permit required.

No person shall be accounted as a qualified teacher within the meaning of the school law who is not the holder of a valid teacher's certificate or permit issued by lawful authority of this state.

WAC 392-121-106—Definition—Enrolled student.

As used in this chapter, “enrolled student” means a person residing in Washington state who:

(4) Actually participated on a school day during the first four school days of the current school term (semester or quarter), or on a school day during the current school year on or prior to the date being counted, in a course of study offered by the school district or charter school as defined in WAC 392-121-107 . . . .

WAC 392-121-107—Definition—Course of study.

As used in this chapter, “course of study” means those activities for which students enrolled pursuant to chapters 180-16, 180-51, 392-169, 392-134, and 392-410 WAC may be counted as enrolled students for the purpose of full-time equivalent student enrollment counts.

(1) Course of study includes:

(a) Instruction - Teaching/learning experiences conducted by school district staff as directed by the administration and the board of directors of the school district, or teaching/learning experiences conducted by charter school staff as directed by the charter school administration and charter school board.

WAC 392-121-220—Definition—S-275 reporting process.

As used in this chapter, “S-275 reporting process” means the electronic personnel reporting process which is defined annually by the superintendent of public instruction.

This reporting process shall include individuals who are known as of October 1 to be:

(1) District or charter school employees with a contract for certificated employment to provide services during the period September 1 through August 31;

(2) Classified employees, employed by the district or charter school to provide services during the period September 1 through August 31 . . .

WAC 392-121-200—Definition—Certificated employee.

As used in this chapter, “certificated employee” means: A person who holds a professional education certificate issued by the superintendent of public instruction and who is employed by a school district or charter school in a position for which such certificate is required by statute, rule of the professional educator standards board, or written policy or practice of the employing

WAC 392-348-210 – Basic Policy

Believing that the welfare of the state and its children require secondary schools which (1) can provide a comprehensive program broad enough to meet the varied needs, abilities and interest of students, (2) are adequately staffed with certificated teachers assigned to teach in their fields of competency, (3) are administered by properly certified personnel, (4) can provide adequate pupil-personnel service, (5) can provide school plant facilities suitable to the type of organization and program offered, (6) can give assurance of financial ability and willingness to construct, maintain and operate the facility, and (7) do not duplicate existent educational facilities and/or programs, it shall be the policy of the superintendent of public instruction to approve applications for the establishment in any high school district of any secondary program or any new grades in grades nine through twelve only when there is evidence that the foregoing conditions can be fulfilled.

WAC 181-82-110—School district response and support for nonmatched endorsements to course assignment of teachers.

1) Individuals with initial, residency, endorsed continuing, professional, or emergency teacher certificates who are employed with a school district may be assigned to classes other than in their areas of endorsement. If teachers are so assigned, the following shall apply:

(b) Such teaching assignments shall be approved by a formal vote of the local school board for each teacher so assigned.

RCW 28A.230.320—Emergency waivers from credit and subject area graduation requirements.

Beginning with the class of 2020, the state board of education may authorize school districts to grant individual student emergency waivers from credit and subject area graduation requirements established in RCW 28A.230.090, the graduation pathway requirement established in RCW 28A.655.250, or both . . . .

**Summit Public Schools Washington-Atlas  
September 1, 2019 through August 31, 2020**

**2020-002 The charter public school's Board of Directors did not fully comply with the requirements for timely review and approval of payments.**

***Background***

State law (RCW 28A.710.020) authorizes charter public schools to operate in Washington. Summit Public Schools Washington is the charter management organization (CMO) over three charter schools in Washington, which have provided educational services to students since 2015.

The Open Public Meetings Act (OPMA), the charter school's contract, and the *Accounting Manual for Public School Districts in the State of Washington* require Summit Public Schools Washington – Atlas (Summit Atlas) to prepare minutes of all public meetings, except executive sessions, and make them available for public inspection.

The *Accounting Manual for Public School Districts in the State of Washington* provides guidance for issuing warrants before a legislative body approves them. Summit Atlas's Board of Directors is responsible and liable for each voucher it approves. It is the Board's responsibility to ensure that its system for auditing and certifying vouchers operates in a way that safeguards public funds.

***Description of Condition***

During the audit period, the Board held its regular board meetings on a bi-monthly basis. As part of our audit, we reviewed minutes for the six regular meetings the Board held between October 17, 2019 and August 13, 2020. We found the following concerns:

- The Board approved expenditures two-to-three months after the school paid them.
- The Board did not approve July 2020 expenditures until three months later on October 15, 2020, which was after the end of the school year.

- The Board collectively approved expenditures for all Summit Public Schools. The Board's meeting minutes did not identify or separate expenditures by each school.

The Summit Atlas contract requires the Board to provide timely approval of payments required through the *Accounting Manual for Public School Districts in the state of Washington*. The school's charter contract with the Washington State Charter Commission does not exempt the Board from complying with the requirements for the timely approval of payments.

### ***Cause of Condition***

The Board did not have the necessary policies and procedures in place to ensure compliance with requirements for timely payment approvals, as required by the charter's contract and the *Accounting Manual for Public School Districts in the State of Washington*.

The Board also has not resolved issues relating to the timely approval of public expenditures, which we communicated previously in a management letter.

### ***Effect of Condition***

Since the Board only held bi-monthly meetings, it did not approve its accounts payable and payroll expenditures until two-to-three months after staff had already issued payments. We found six instances where the Board did not approve public expenses for at least three months.

By not reviewing payments timely, the Board is not meeting its responsibility of safeguarding public funds and providing oversight of Summit Atlas's operations.

### ***Recommendation***

We recommend the Board strengthen its internal controls to ensure adequate monitoring, review and timely approvals of accounts payable disbursements in compliance with its charter contract, and the *Accounting Manual for Public School Districts in the State of Washington*.

### ***Charter Public School Washington's Response***

*See Charter response in the 2020-001 Finding above.*

### ***Auditor's Remarks***

We appreciate and carefully considered Summit Washington's response to this audit. Timely approval of public school expenditures by the responsible board is important to ensure proper accountability and protection of public funds, and it is required by the charter contract.

Summit Washington's charter contract requires it to comply with the *Accounting Manual for Public School Districts in the State of Washington*. Chapter 3 of the manual requires public schools to certify vouchers and approve expenditures timely.

We reaffirm our finding.

### ***Applicable Laws and Regulations***

Charter School Contract, Section 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 School 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.

*Accounting Manual for Public School Districts in the State of Washington*, Chapter 3, Voucher Certification and Approval.

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

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.



## RELATED REPORTS

### Financial

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 CHARTER PUBLIC SCHOOL

Summit Public Schools - Atlas, located in King County, provided educational services to approximately 449 students in grades 6 to 11 during the 2019-2020 school year.

The charter public school is a 501(c)(3) nonprofit corporation established under RCW 28A.710.020, and it is governed by a three-to-nine member appointed Board of Directors. The Board establishes policies for the charter public school according to the terms of a renewable, five-year charter contract executed under RCW 28A.710.160.

Summit Public Schools – Atlas is authorized by the Washington State Charter School Commission. It was established by a five-year contract effective August 22, 2017, and terminating August 22, 2022.

The charter public school received approximately \$5.7 million in direct state and federal funding for fiscal year 2020. The charter public school operates in one building and employs approximately 66 employees.

| Contact information related to this report |  |
|--|--|
| Address:                                   | Summit Public School Washington: Atlas<br>9601 35th Avenue S.W.<br>Seattle, WA 98126 |
| Contact:                                   | Edward Lee, Chief Financial Officer  |
| Telephone:                                 | (650) 257-9880   |
| Website:                                   | <a href="http://www.summitps.org">www.summitps.org</a>                               |

*Information current as of report publish date.*

### Audit history

You can find current and past audit reports for the enter conditional text at <http://portal.sao.wa.gov/ReportSearch>.

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