



Office of the Washington State Auditor  
Pat McCarthy

## **Accountability Audit Report**

# **Summit Public Schools Washington – Olympus**

**For the period September 1, 2020 through August 31, 2021**

*Published October 10, 2022*

Report No. 1031148



Find out what's new at SAO  
by scanning this code with  
your smartphone's camera



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

October 10, 2022

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

**Report on Accountability**

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor 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 Charter Public School operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

Attached is our independent audit report on the Charter Public 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 value your cooperation during the audit.

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

*In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at [webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov).*

# TABLE OF CONTENTS

Audit Results.....	4
Summary Schedule of Prior Audit Findings .....	5
Related Reports .....	8
Information about the Charter Public School .....	9
About the State Auditor's Office.....	10

## AUDIT RESULTS

### Results in brief

This report describes the overall results and conclusions for the areas we examined. In those selected areas, Charter public school operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

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 – Olympus from September 1, 2020 through August 31, 2021.

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, 2021, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Teacher Certification and Endorsement
- Compliance with supplemental contracts
- Payroll – bonus and incentive payments
- Payroll direct deposits – evaluate design of controls
- Cost allocation plan – equitable distribution of shared costs
- Use of restricted funds – professional learning
- Open public meetings – compliance with minutes, meetings and executive session requirements



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### Summit Public Schools Washington – Olympus September 1, 2020 through August 31, 2021

This schedule presents the status of findings reported in prior audit periods.

<b>Audit Period:</b> September 1, 2019 – August 31, 2020	<b>Report Ref. No.:</b> 1030059	<b>Finding Ref. No.:</b> 2020-001				
<b>Finding Caption:</b> <p>The Summit Public Schools Washington – Olympus students were taught by non-certificated teachers resulting in the school receiving unallowable funding.</p> <p>During the audit period, the Board contracted with one instructional staff member who did not hold a current Washington state teacher certificate during the entire 2019-2020 school year. The school's initial offer letter for the staff member 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 letter 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."</p> <p>The school incorrectly reported this employee 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.</p> <p>One non-certificated Washington instructional staff taught classes to students (16.06 Annual Average Full Time Equivalent). This resulted in the school receiving an estimated \$167,000 more in apportionment funds than it should have.</p>						
<b>Status of Corrective Action: (check one)</b> <table><tr><td><input checked="" type="checkbox"/> Fully Corrected</td><td><input type="checkbox"/> Partially Corrected</td><td><input type="checkbox"/> Not Corrected</td><td><input type="checkbox"/> Finding is considered no longer valid</td></tr></table>			<input checked="" type="checkbox"/> Fully Corrected	<input type="checkbox"/> Partially Corrected	<input type="checkbox"/> Not Corrected	<input type="checkbox"/> Finding is considered no longer valid
<input checked="" type="checkbox"/> Fully Corrected	<input type="checkbox"/> Partially Corrected	<input type="checkbox"/> Not Corrected	<input type="checkbox"/> Finding is considered no longer valid			
<b>Corrective Action Taken:</b> <p><i>The school continues to work with our stakeholders to evaluate this process and its applicability to our operations. In addition, the school has tightened its procedures around tracking all certifications held by its instructional staff. This includes an ongoing review and follow-up process by the Human Resources and Credentialing Manager and the School</i></p>						

*Executive Director with any staff with a credential up for renewal or staff proactively seeking an additional certification or endorsement based on any potential change in their content area or role placement. The Summit Public Schools Washington Board of Directors has established a standing agenda item at every meeting to consider teacher credentialing matters.*

*In addition, the Human Resources and Credentialing Manager has received training from the Office of Superintendent of Public Instruction (OSPI) for Personnel Reporting (S-275), which includes proper coding, the roles/functions to be contained in the report, and troubleshooting. The Credentialing Manager will continue to work with the Office of Superintendent of Public Instruction (OSPI) in Fall 2022 when it comes time to submit the initial S-275 report for the 2022-2023 school year to ensure the S-275 report is completed accurately and completely.*

<b>Audit Period:</b> September 1, 2019 – August 31, 2020	<b>Report Ref. No.:</b> 1030059	<b>Finding Ref. No.:</b> 2020-002
<b>Finding Caption:</b> The charter public school's Board of Directors did not fully comply with the requirements for timely review and approval of payments.		
<b>Background:</b> <p>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:</p> <ul style="list-style-type: none"> <li>• The Board approved expenditures two-to-three months after the school paid them.</li> <li>• 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.</li> <li>• The Board collectively approved expenditures for all Summit Public Schools. The Board's meeting minutes did not identify or separate expenditures by each school.</li> </ul> <p>Summit Olympus's contract requires the Board 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.</p> <p>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 Olympus's operations.</p>		
<b>Status of Corrective Action: (check one)</b> <input checked="checked" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid		

**Corrective Action Taken:**

*The SPS Washington Board of Directors approved an annual meeting calendar that ensures adequate monitoring, review, and timely approval of accounts payable disbursements. Since May of 2022, the Board has met meeting monthly for regular business, including reviewing the previous month's public expenditures.*

## 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 – Olympus, located in Pierce County, provided educational services to approximately 195 students in grades 9 through 12 during the 2020-2021 school year.

The Charter Public School is a 501(c)(3) 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 Charter Public School according to the terms of a renewable, five-year charter contract executed under RCW 28A.710.160.

Summit Public Schools – Olympus is authorized by the Washington State Charter School Commission established by a five-year contract effective August 17, 2021 and terminating August 17, 2026.

The Charter Public School received approximately \$2.8 million in direct state and federal funding for fiscal year 2021. The Charter Public School operates in one building and employs approximately 20 employees.

Contact information related to this report	
Address:	Summit Public Schools Washington – Olympus 409 Puyallup Avenue Tacoma WA 98421
Contact:	Matthew Ochoa, Director of Finance
Telephone:	(831) 331-5941
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 Summit Public Schools Washington-Olympus at <http://portal.sao.wa.gov/ReportSearch>.

## ABOUT THE STATE AUDITOR'S OFFICE

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

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, [www.sao.wa.gov](http://www.sao.wa.gov). Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

### Stay connected at [sao.wa.gov](http://sao.wa.gov)

- [Find your audit team](#)
- [Request public records](#)
- Search BARS manuals ([GAAP](#) and [cash](#)), and find [reporting templates](#)
- Learn about our [training workshops](#) and [on-demand videos](#)
- Discover [which governments serve you](#) — enter an address on our map
- Explore public financial data with the [Financial Intelligence Tool](#)

### Other ways to stay in touch

- Main telephone:  
(564) 999-0950
- Toll-free Citizen Hotline:  
(866) 902-3900
- Email:  
[webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov)