



Office of the Washington State Auditor  
Pat McCarthy

## Accountability Audit Report

# Impact Public Schools-Salish Sea Elementary

For the period September 1, 2021 through August 31, 2022

*Published August 28, 2023*

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

August 28, 2023

Board of Directors  
Impact Public Schools-Salish Sea Elementary  
Tukwila, 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

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## 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 Impact Public Schools-Salish Sea Elementary from September 1, 2021 through August 31, 2022.

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, 2022, 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 – gross wages, bonus and incentive payments, retroactive pay, electronic funds transfers, and direct deposits
- Compliance with supplemental contracts for enrichment activities
- Student enrollment reporting – basic education, English language learners, transitional kindergarten, early entry kindergarten
- Use of restricted funds – professional learning
- Financial condition – reviewing for indications of financial distress
- Open public meetings – compliance with minutes, meetings and executive session requirements



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**Impact Public Schools-Salish Sea Elementary  
September 1, 2021 through August 31, 2022**

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

<b>Audit Period:</b> September 1, 2020 through August 31, 2021	<b>Report Ref. No.:</b> 1031173	<b>Finding Ref. No.:</b> 2021-001
<b>Finding Caption:</b> The Charter School did not have adequate controls to ensure the program it claimed for funding complied with the enrollment policy authorized in its contract.		
<b>Background:</b> The Washington Charter School Commission authorized Impact Public Schools to operate Salish Sea Elementary in August 2020. Our audit found the Charter School did not ensure the Commission approved its policy in the authorizing contract before enrolling children younger than 5 years old. Additionally, the Charter School did not ensure it complied with the Charter School Act’s requirements regarding admission and enrollment.  As a result, the Charter School claimed students younger than 5 years old for 62 Annual Average Full-Time Equivalent (AAFTE) and received \$722,182 in funding for students enrolled in a program that was not consistent with the enrollment policy authorized in its contract with the Commission.		
<b>Status of Corrective Action: (check one)</b>  <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> <i>Impact Public Schools completed its Early Entrance Kindergarten program after the 2020-2021 school year. All corrective action steps have been met with the Washington State Charter School Commission.  Additionally, Impact Public Schools and their Board of Directors worked closely with the Washington Charter School Commission to develop an enrollment policy to comply with all state charter laws for all its programming including a new Transitional Kindergarten program. This policy addresses the age of the scholar as well as the admission and enrollment process.</i>		

*Impact Public Schools' leadership formally applied to the Washington State Charter School Commission for the Transitional Kindergarten program the following school year for all three Impact schools, including: Impact | Puget Sound Elementary, Impact | Salish Sea Elementary and Impact | Commencement Bay Elementary. All three Transitional Kindergarten programs were thoroughly reviewed and approved by the Washington State Charter School Commission.*

*In the 2021-2022 school year Impact | Salish Sea Elementary successfully offered Transitional Kindergarten in response to parent demand for high quality early learning opportunities in our communities. All enrollment reporting for funding was closely monitored for accuracy and compliance to all reporting requirements including the Commission approved enrollment policy.*

## INFORMATION ABOUT THE CHARTER PUBLIC SCHOOL

Impact | Salish Sea Elementary, located in King County, provided educational services to about 276 students in grades K-2 during the 2021-2022 school year. The Charter Public School is a 501c3 nonprofit corporation established under RCW 28A.710.020 and governed by a two 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.

Impact Public Schools is authorized by Washington State Charter School Commission to operate Impact Salish Sea Elementary by a five-year contract effective August 24, 2020, and terminating August 24, 2025. The Charter Public School received about \$5.25 million in direct state and federal funding for fiscal year 2021-2022. The Charter Public School operated in one building and employed approximately 30 employees in the 2021-2022 school year.

### Contact information related to this report

Address:	Impact Public Schools-Salish Sea Elementary 3438 S. 148th Street Tukwila, WA 98168
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*Information current as of report publish date.*

### Audit history

You can find current and past audit reports for the Impact Public Schools-Salish Sea Elementary 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.

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