



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Pullman Community Montessori

For the period September 1, 2022 through February 14, 2025

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

August 25, 2025

Board of Directors
Pullman Community Montessori
Pullman, 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. Although the School has closed, the findings in this audit are valuable to the public and other stakeholders when assessing the School'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 your cooperation during the audit.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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TABLE OF CONTENTS

Audit Results.....	4
Schedule of Audit Findings and Responses.....	6
Related Reports.....	12
Information about the Charter Public School	13
About the State Auditor's Office.....	14

AUDIT RESULTS

Results in brief

The Charter Public School officially dissolved operations as of September 1, 2024. This report marks the last audit of the Charter Public School.

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

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 Pullman Community Montessori from September 1, 2022 through February 14, 2025.

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 years ended August 31, 2024 and 2023, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Accounts payable – general disbursements, credit cards, travel expenditures, electronic funds transfers, employee reimbursements and gift card purchases
- Surplus Assets – disposition and receipt of sales proceeds
- Payroll – bonus and incentive payments
- Student enrollment reporting – special education
- Use of restricted funds – professional learning
- Establishment of local revenue and expenditure accounts
- Open public meetings – compliance with minutes, meetings and executive session requirements

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

Pullman Community Montessori September 1, 2022 through February 14, 2025

2024-001 The Charter Public School lacked sufficient oversight to ensure disbursements and credit card payments were supported and approved.

Background

The Board of Directors is responsible for fiscal oversight of the Charter Public School. The Board and management are also responsible for the integrity and retention of the original invoices, itemized receipts and other documents necessary to demonstrate the validity of every transaction relating to the Charter Public School's use of public resources. The Board appointed a Head of School who was responsible for managing operations and running the Charter Public School on a day-to-day basis.

The Charter Public School spent about \$2.4 million annually on operating expenditures. School management was responsible for establishing internal controls and policies to ensure compliance with state law and its own policies regarding disbursement activity.

Pullman Community Montessori closed as of June 30, 2024, and its Board of Directors dissolved as of September 1, 2024, because the Washington State Charter School Commission revoked the Charter Public School's contract.

Description of Condition

The Charter Public School lacked oversight to ensure employees followed its policies and procedures over disbursements and credit card activity, and that these policies were adequate for safeguarding public funds.

We tested \$153,553 in credit card transactions and determined that transactions totaling \$17,061 did not have supporting documentation to determine whether they were for valid business purposes. These included \$6,717 in charges for hotels, \$1,929 for meals and \$8,416 for other vendors such as online retailers, auto parts stores and gas stations. We also identified that a credit card was issued to an employee that was not authorized to have a credit card.

Separately, we identified that the Head of the School used the Charter Public School credit card for personal purchases totaling \$2,299 between August 23, 2022, and September 7, 2022. The employee subsequently repaid the Charter Public School for the personal purchases in November 2022. Due to the general lack of supporting documentation for credit card transactions, we are unable to determine if the Head of the School made additional personal purchases that they did not repay. Use of a Charter Public School credit card for personal purposes is prohibited.

Cause of Condition

The Board of Directors did not dedicate the necessary resources and oversight to establish adequate internal controls over disbursements. The Head of School was able to override internal controls to make purchases and request reimbursements without adequate oversight and without providing supporting documentation.

Additionally, the Charter Public School did not place importance on retaining supporting documentation for transactions, nor did it enforce policies requiring independent approvals of transactions.

Effect of Condition

Due to the lack of appropriate policies and supporting documentation, the Charter Public School cannot determine all its payments during the audit period were legal and allowable, or whether any potential loss of funds occurred.

Recommendation

We recommend the Charter Public School establish internal controls to ensure that all credit card transactions are supported and for a valid business purpose, that credit cards are distributed only to authorized employees and that employees refrain from using School credit cards for personal use.

We acknowledge the Charter Public School closed as of June 30, 2024 and the Board was dissolved as of September 1, 2024, and therefore the School is unable to implement these recommendations.

Charter Public School's Response

Since Pullman Community Montessori closed as of June 30, 2024, and its Board of Directors dissolved as of September 1, 2024, we were unable to obtain a response to the finding.

Auditor's Remarks

We appreciate the Charter Public School's cooperation during our audit.

Applicable Laws and Regulations

Washington State Constitution – Article VIII, Sections 5 and 7 – Credit not to be loaned.

RCW 28A.150.230 – District school directors' responsibilities.

RCW 43.09.2855 Local governments—Use of credit cards.

RCW 42.24.080 Municipal corporations and political subdivisions—Claims against for contractual purposes—Auditing and payment—Forms—Authentication and certification.

RCW 42.56.100 — Protection of public records — Public access

2020 Pullman Community Montessori Charter School Contract

Accounting Manual for Public School Districts in the State of Washington, Chapter 3

Pullman Community Montessori Financial Policies and Procedures Manual – Updated July 2022, Section 4

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

Pullman Community Montessori September 1, 2022 through February 14, 2025

2024-002 The Pullman Community Board of Directors lacked oversight over the tracking and disposal of public assets.

Background

Pullman Community Montessori closed as of June 30, 2024. At its closure, the school owned about \$172,500 in assets.

The Washington State Charter School Commission (the Commission) requires charter schools to follow its *Charter School Closure Guidance* when their authorizing contracts are not renewed, revoked or terminated. Public charter schools are required to disperse or reallocate assets within 60 days after the last day of school or from the date the Commission provides the notice.

The Charter Public School sent assets to the Department of Enterprise Services (DES) to sell on its behalf. Any funds earned from the dispersal of public assets through DES were to be transferred to the Office of Superintendent of Public Instruction (OSPI). Any remaining assets were to be disposed of during a “Donation Day” event, which was intended to distribute remaining assets to other charter public schools and 501(c) 3 organizations, as allowed by RCWs 43.19.1919 and 28A.335.180. Any assets remaining after the “Donation Day” event would be donated to a local nonprofit organization identified in the “Charter School Closure” document.

Description of Condition

The Charter Public School did not have a process in place to properly track and dispose of its assets at the time of closure and did not have a complete list of all remaining assets. On the day of asset disposal, there was no clear oversight or monitoring to ensure it disposed of assets properly.

The Charter Public School did not:

- Include all school assets on the inventory lists or verify that assets transferred to DES matched the Charter Public Schools inventory list. For example, two vehicles that it sold for about \$9,800 were not on the asset tracking list.

- Retain support for the 305 assets DES sold nor the amounts collected and deposited for the sale of the assets
- Retain support for funds earned from the dispersal of public assets through DES and subsequently transferred to OSPI
- Retain support to show how it disposed of \$46,780 in assets at the “Donation Day” event and who received the assets

Cause of Condition

The employee responsible for finalizing the school closure left employment with the Charter Public School suddenly, leaving an incomplete asset list. The Board of Directors relied on a contractor to manage asset disposal. However, there was no oversight to ensure the contractors followed the closure plan or documented disposition of all assets.

Effect of Condition

We are unable to determine if the Charter Public School disposed of assets in accordance with Commission guidance because the school lacked documentation. Additionally, we are unable to determine if the Charter Public School was appropriately compensated for the assets DES disposed of and that all money that it should have collected was appropriately transferred to OSPI.

Recommendation

We recommend the Charter Public School establish controls over the inventory process to ensure that all inventory is included in the asset list, any assets disposed of are appropriately accounted for and all revenue collected from the disposal of assets is recorded and deposited. We also recommend that upon dissolution, the School ensure that all assets are transferred in accordance with the closure documents.

We acknowledge the Charter Public School closed as of June 30, 2024 and the Board was dissolved as of September 1, 2024, and therefore the School is unable to implement these recommendations.

Charter Public School's Response

Since Pullman Community Montessori closed as of June 30, 2024, and its Board of Directors dissolved as of September 1, 2024, we were unable to obtain a response to the finding.

Auditor's Remarks

We appreciate the Charter Public School's cooperation during our audit.

Applicable Laws and Regulations

RCW 43.19.1919 Surplus personal property—Sale, exchange—Exceptions and limitations—Transferring ownership of department-owned vessel.

RCW 28A.335.180 Surplus texts and other educational aids, notice of availability—Student priority as to texts.

WAC 108-40-150 Termination protocol responsibilities of the transition team.

2020 Pullman Community Montessori Charter School Contract

RELATED REPORTS

Financial

Our opinion on the Charter Public School's financial statements is provided in a separate report, which includes the Charter Public School's financial statements. That report is available on our website, <https://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE CHARTER PUBLIC SCHOOL

Pullman Community Montessori, located in Whitman County, provided educational services to approximately 102 students in grades K-7 during the 2023-2024 school year. The Charter Public School was a 501(c)(3) nonprofit corporation established under RCW 28A.710.020 and was governed by a 7-member appointed Board of Directors.

The Board established policies for the Charter Public School according to the terms of a renewable five-year charter contract executed under RCW 28A.710.160. Pullman Community Montessori was authorized by the Washington State Charter School Commission. It was established by a five-year contract from September 10, 2020 to August 18, 2026.

The Charter School formally dissolved as of September 1, 2024. The Charter Public School operated in one building and employed approximately 21 employees. The Charter Public School was allocated approximately \$1.5 and \$1.7 million in state and federal funding for fiscal years 2023 and 2024 respectively.

Contact information related to this report	
Contact:	Robin McDonald, Board Chair
Website:	https://www.pullmancommunitymontessori.org/

Information current as of report publish date.

Audit history

You can find current and past audit reports for the Pullman Community Montessori at <https://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. 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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