



IDAHO PUBLIC CHARTER SCHOOL COMMISSION

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February 12, 2019

Idaho STEM Academy dba Bingham Academy
Board of Directors
Via Electronic Mail

Dear Bingham Academy (BA) Board of Directors:

I am writing in follow-up to last week's visit to your school. We appreciate the time and effort of all who participated, and especially your willingness to engage in a frank conversation about the issues we've identified. Your openness to learning and improvement is evident, and we look forward to supporting you as you move forward.

BA's financial status is presently concerning. The school's annual performance report shows a "critical" financial score that dropped from 43% in 2017 to 23% in 2018. At 9.1%, however, BA's overall long-term debt is reasonable. It appears that overspending may be a significant contributor to BA's cash flow challenges and overall financial distress. This observation is consistent with input from the school's independent auditor.

Implementation of stronger internal controls and operational practices will help you better manage BA's expenditures and protect the interests of all parties, including students, employees, taxpayers, and the school itself. Below, for your reference, is a summary of the particular opportunities for improvement that we discussed:

1. BA must implement a consistent purchase order system to ensure that all purchases are pre-approved by appropriate, designated individuals. Purchase orders should be signed in advance of the purchase by two individuals, neither of whom is involved in making the purchase. All purchases should be documented by itemized invoices and/or receipts.
2. BA must reduce its use of reimbursements for purchases made by employees, contractors, board members, and the PAC. Any reimbursements that are made must be pre-approved through the purchase order system and documented by itemized receipts.
3. BA must ensure that clear, detailed contracts are in place prior to the performance of services. Such contracts should clarify expectations regarding the scope and cost of work to be performed. Examples include administrative services, IT maintenance, handyman work, fire alarm maintenance, facility rental, etc.

4. BA must cease use of pre-paid credit/debit cards. Our understanding is that these cards may already have been closed.
5. BA must ensure clear separation of its finances from those of Blackfoot Charter Community Learning Center (BCCLC).
 - a. Any transfers of funds between the schools (including purchases, rentals, shared services, loans, etc.) must be formally pre-approved by the Board of Directors, not merely reviewed by individual members of the board.
 - b. Any resources shared with BCCLC must be clearly documented through written contracts and formally pre-approved by the board of directors. This includes, but is not limited to, student transportation and leased auditorium space.
 - c. Neither school should pay costs incurred by the other school.
 - d. BA's files must contain only BA documents, not those belonging to BCCLC.
6. Consistent with the need for pre-approved, documented purchases and separation of finances from those of BCCLC, BA must cease use of charge accounts such as the ones at Ridley's Market/ACE Hardware and Amazon.com.
7. BA must ensure that all vendors are paid in a timely fashion, eliminating late fees and risk of suspension of employee benefits.
8. BA should create a system to ensure consistent coding that is aligned with IFARMS.
9. BA's Board of Directors must meet with the school's auditor annually to review the independent financial audit and any recommendations.
10. BA must adopt an organizational structure that corresponds with its job descriptions and contracts, then ensure that individuals are performing work within the scope of their job descriptions. For example, the director should not be teaching drivers' education unless his job description and contract specifically include this duty.
11. BA must ensure that contracts are signed by the appropriate individuals and that no contracts are backdated.
12. BA's Board of Directors must ensure that only individuals employed by or appropriately contracted with BA have access to confidential information, such as student and personnel records.
13. BA should clarify roles, responsibilities, and channels of communication at all levels of the organization to improve documentation and reduce confusion.

14. The board should obtain training from the Idaho School Boards Association focused on governance, financial oversight, and administrator evaluation.

Because the school has lacked strong internal controls in the past, the Public Charter School Commission will be contracting with an independent forensic auditor to review BA's use of public funds. We will be in touch with additional information, such as scheduling, as it becomes available.

With regard to additional allegations cited in our letter dated December 4, 2018:

1. It appears that the allegation of inappropriately addressed sexual misconduct by a school employee was based on incomplete and partially misunderstood information. We appreciate the school's documentation of administrator Mark Fisk's response to an alleged incident and ongoing efforts to ensure that all employees and board members fully understand mandatory reporting requirements.
2. Although we were unable to review all requested BA documentation during our visit, due to time constraints, we did not see any evidence of school employees engaging in personal travel using school funds.
3. Recent correspondence from the Division of Building Safety indicates that the facility safety concerns previously noted have been corrected.

We appreciate your ongoing service to BA and look forward to supporting you in making the changes necessary to reach your goal of being an exemplary charter option in Idaho. We'll contact you to schedule regular check-ins over the coming months. In the meantime, please don't hesitate to let us know how we may be of assistance.

Sincerely,



Tamara L. Baysinger
Public Charter School Commission Director