



IDAHO PUBLIC CHARTER SCHOOL COMMISSION

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February 12, 2019

Blackfoot Charter Community Learning Center
Board of Directors
Via Electronic Mail

Dear Blackfoot Charter Community Learning Center (BCCLC) Board of Directors:

Thank you for taking the time to meet with us during our recent visit to Blackfoot. We appreciate your willingness to engage in an open conversation to review the issues we identified, and we look forward to supporting your continued efforts to make the necessary changes.

BCCLC's financial status is presently concerning. The school's annual performance report shows a "critical" financial score that dropped from 75% in 2017 to 45% in 2018. At 8.4%, however, BCCLC's overall long-term debt is reasonable. It appears that overspending may be a significant contributor to BCCLC'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 BCCLC'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. BCCLC 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. BCCLC 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. BCCLC 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. BCCLC must cease use of pre-paid credit/debit cards.

5. BCCLC must ensure clear separation of its finances from those of Idaho STEM Academy, Inc. dba Bingham Academy (BA).
 - 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 BA 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. BCCLC's files must contain only BCCLC documents, not those belonging to BA.
6. Consistent with the need for pre-approved, documented purchases and separation of finances from those of BA, BCCLC must cease use of charge accounts such as the ones at Ridley's Market/ACE Hardware and Amazon.com.
7. BCCLC must ensure that the school's finances and operations are completely separate from those of any daycare operating at the school facility. It is our understanding that plans are underway to cease the provision of daycare services at the school facility, as well as associated paycheck withholdings, by March 1, 2019.
8. BCCLC's Board of Directors must meet with the school's auditor annually to review the independent financial audit and any recommendations.
9. BCCLC must ensure that all vendors are paid in a timely fashion, eliminating late fees and risk of suspension of employee benefits.
10. BCCLC should create a system to ensure consistent coding that is aligned with IFARMS.
11. BCCLC should adopt an asset management system. This will help ensure that all ordered items are received, school-owned assets remained in the school's possession, and duplicative purchases are avoided.
12. BCCLC has incurred unusually high costs related to facility repairs and construction materials. The Board of Directors should evaluate whether purchasing inexpensive items in need of significant refurbishment represents savings over purchasing higher quality items in working order.
13. BCCLC 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.

14. BCCLC must ensure that contracts are signed by the appropriate individuals and that no contracts are backdated.
15. BCCLC's Board of Directors must ensure that only individuals who are employed by or appropriately contracted with BCCLC have access to confidential information, such as student and personnel records.
16. BCCLC should clarify roles, responsibilities, and channels of communication at all levels of the organization to improve documentation and reduce confusion.
17. BCCLC's board should continue working to ensure that all board members and employees are aware of, and committed to following, the appropriate process for fulfilling mandatory reporting requirements in cases of alleged sexual misconduct.
18. BCCLC's board should update its bylaws to clarify membership terms and processes for selection of new members.
19. The board should obtain training from the Idaho School Boards Association focused on governance, financial oversight, and administrator evaluation.
20. Recent correspondence from the Division of Building safety indicates that the facility safety concerns previously noted have been corrected.

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 BCCLC's use of public funds. We will be in touch with additional information, such as scheduling, as it becomes available.

Thank you for your ongoing service to BCCLC. We look forward to supporting you as you work to make the necessary changes described above, and will 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