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Six of 23 charter school board chairs surveyed said board members or their relatives are contracted to provide services or goods to their school.

Study of Public Charter Schools' Governing Boards

Report No. 15-14, December 2015

Charter school accountability system remains a work in progress

Collected financial data only effective if properly analyzed

In March 2015, Hālau Lōkahi New Century Public Charter School became only the second school in Hawai'i to have its charter revoked. Using the case of Hālau Lōkahi as a guide, we found that the financial data schools must currently submit to the State Public Charter School Commission do provide indications of possible financial stress. However, human error and inexperience among commission staff contributed to their inability to recognize and interpret the information early enough to help avert Hālau Lōkahi's financial collapse. We also examined a number of active charter schools whose financial data were similar to Hālau Lōkahi's. For instance, we found declining student enrollment at Kualapu'u Public Conversion Charter School, an active line of credit at Ka Waihona o ka Na'auao Public Charter School, and large, unpaid expenses at Hawai'i Technology Academy. Although these schools face financial risks and challenges, we did not find anything to indicate they are in immediate financial peril. However, we recommend that commission staff continue to monitor these schools in particular.

Charter contract reporting requirements should be clarified to ensure schools meet expectations

We found the charter contract is unclear in a number of areas and requires some clarification in order to ensure schools fully understand what the commission and its staff expect of them. For instance, the language of the contract does not make clear that school personnel policies, such as licensed teachers, principal and teacher evaluation systems, and employee criminal history checks, must be posted on school websites. As a result, we found the majority of schools did not post these policies. In addition, the commission staff relies on self-reporting to ensure schools comply with statutory requirements. We found they neither independently verify whether criminal history background checks on prospective school employees have been completed nor document the results of those checks.

Agency responses

The commission generally agreed with our findings and recommendations. It also solicited responses from governing boards of the charter schools discussed in the report. Governing boards for Kualapu'u Public Charter School, Myron B. Thompson Academy, and Ka Waihona o ka Na'auao Public Charter School generally agreed with our findings and recommendations.

The governing board for Hawai'i Technology Academy (HTA) generally agreed with our findings and recommendations but expressed reservations about how the report portrays the school's financial status during the period HTA was managed by K12 Inc. Based on a review of the quarterly financial reports submitted to the commission by HTA in FY2012–2013 and FY2013–2014, the school reported its accounts payable totals exceeded its available cash by a considerable amount. As a result, we performed an on-site visit to HTA to determine the cause for the accounts payable totals and found they stem from costs associated with the K12 contract. The report does not make any conclusions about HTA's past or current financial status.