

Table I: List of Contract Violations, Governing Board response, Contract Provision; Corresponding HRS 302D-18(g) Revocation Basis

Issue #	NOC Category	Issue, as outlined in NOC	KLA governing board response, 05/10/2018	Applicable Contract provision(s)	Related condition(s) for revocation
1	Financial and Operational Irregularities	Lack of internal controls and additional oversight as described in the independent auditor’s report, including the use of school moneys, checks and debit card(s) for employee personal expenses	No dispute or denial; however, stated that: <ul style="list-style-type: none"> • the findings were addressed • the purported governing board and new school leader worked with a new CPA to set up policies and procedures to ensure that the findings were corrected and prevented from occurring in the future. (Exhibit 4 Response, page 2-3)	2.1, 9.4	1, 2, 3
2	Financial and Operational Irregularities	Accounting does not follow Generally Accepted Accounting Principles (GAAP)	No dispute or denial; however, stated that: <ul style="list-style-type: none"> • the findings were addressed • the purported governing board and new school leader worked with a new CPA to set up policies and procedures to insure that the findings were corrected and prevented from occurring in the future. (Exhibit 4 Response, page 2-3)	9.1	1, 2, 3

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3	Financial and Operational Irregularities	Failure to comply with collective bargaining agreements, Department of Labor laws and regulations in the hiring, termination, and compensation of employees and other persons who were paid to complete work for KLA	<p>No dispute or denial; however, stated that:</p> <ul style="list-style-type: none"> the findings were addressed the purported governing board and new school leader worked with the respective union to set up policies and procedures to insure that the findings were corrected and prevented from occurring in the future. <p>(Exhibit 4, Response, page 2-3)</p>	1.3, 10.1, 9.4	1, 4
4	Financial and Operational Irregularities	Failure to properly report and transmit employee union dues to the requisite employee union including but not limited to the: Hawaii State Teachers Association, Hawaii Government Employees Association, and United Public Workers	<p>No dispute or denial; however, stated that:</p> <ul style="list-style-type: none"> the findings were addressed the purported governing board and new school leader worked with the respective union to set up policies and procedures to insure that the findings were corrected and prevented from occurring in the future. <p>(Exhibit 4, Response, page 2-3)</p>	10.1	1, 4

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5	Financial and Operational Irregularities	Failure to comply with teacher licensing requirements in the hiring and employment of non-licensed unqualified personnel as teachers	<p>No dispute or denial; however, stated that:</p> <ul style="list-style-type: none"> the findings were addressed the purported governing board and new school leader worked with the respective union to set up policies and procedures to insure that the findings were corrected and prevented from occurring in the future. <p>(Exhibit 4, Response, page 2-3)</p>	10.3	1, 4
6	Enrollment Discrepancies	Enrollment of students outside of grades authorized by the charter contract, resulting in the overpayment of per-pupil funds to the school, as well as potentially affecting the educational rights of those students incorrectly enrolled	<p>No dispute or denial; however, stated that:</p> <ul style="list-style-type: none"> the findings were addressed the purported governing board and new school leader corrected the situation by transferring students to other schools and adopted policies and procedures that prevent such practices from occurring in the future. <p>(Exhibit 4, Response, page 3-4)</p>	5.3, 5.7, 3.2	1
7	Enrollment Discrepancies	Failure to report knowledge of these enrollment discrepancies to the Commission within	<p>No dispute or denial; however, stated that:</p> <ul style="list-style-type: none"> the findings were addressed the purported governing board and new school leader corrected the situation, by 	11.9.2	1

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		48 hours, as required by the Charter Contract	transferring students to other schools and adopted policies and procedures that prevent such practices from occurring in the future. (Exhibit 4, Response, page 3-4)		
8	Maintenance of Records	Failure to properly maintain student records, as evidenced by inconsistent documentation including student grades and other requisite academic and required student health records	No dispute or denial; however, stated that: <ul style="list-style-type: none"> the findings were addressed the purported governing board and new school leader corrected the situation, by transferring students to other schools and adopted policies and procedures that prevent such practices from occurring in the future. (Exhibit 4, Response, page 3-4)	6.7.1	1
9	Maintenance of Records	Failure to maintain accurate and complete personnel and payroll information and to provide such information to the Employer Union Benefits Trust Fund and the Hawaii State Employees' Retirement System to ensure each	No dispute or denial; however, stated that: <ul style="list-style-type: none"> the findings were addressed the purported governing board and new school leader corrected the situation, by transferring students to other schools and adopted policies and procedures that prevent such practices from occurring in the future. 	1.3, 11.6	1

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		employee receiving such benefits qualifies for such benefits	(Exhibit 4, Response, page 3-4)		
10	Governing Board	Failure to comply with Governing Board HRS 302D-12 statutory member composition requirements	No dispute or denial; however, that the purported governing board submits that they have remedied this problem by having restructured the board at their 4/2/18 meeting, which added additional members to the purported governing board of KLA and removed the over-representation of employees/relatives/contractors/vendors. (Exhibit 4, Response, page 4-5)	1.3	1
11	Governing Board	Failure to follow HRS 302D-12 open meeting and governing board requirements, as well as the school's own bylaws as to the election of new members to the governing board, calling into question the legal authority of the past and current governing board	No dispute or denial; however, that the purported governing board submits that they have remedied this problem by having restructured the board at their 4/2/18 meeting, which added additional members to the purported governing board of KLA and removed the over-representation of employees/relatives/contractors/vendors. (Exhibit 4, Response, page 4-5)	1.3	1

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12	Governing Board	Failure to follow the school's own policies and procedures, including enrollment policy, fiscal policy, conflicts of interest policy	<p>No dispute or denial; however, stated that:</p> <ul style="list-style-type: none"> the findings were addressed the purported governing board and new school leader corrected the situation, by transferring students to other schools and adopted policies and procedures that prevent such practices from occurring in the future. <p>(Exhibit 4, Response, page 4-5)</p>		1
13	Governing Board	Lack of fidelity to Hawaii Department of Education statewide assessment procedures and protocols, leading to possible test fraud	<p>No dispute or denial; however, stated that:</p> <ul style="list-style-type: none"> the purported governing board and their new school leader has put a plan together to correct the testing practices within the school. <p>(Exhibit 4, Response, page 4-5)</p> <ul style="list-style-type: none"> HIDOE investigation finds that KLA's leadership sought to exclude low-performing students from state assessment testing and provided unearned advantages on state assessments to students that KLA leadership hand-picked for testing in the administration office. A few KLA staff also 	4.3	1

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			<p>committed test security violations by providing educator coaching and interference with student responses; reviewing, reading, looking at test items or student responses during the administration of the assessment. KLA also allowed untrained and unauthorized personnel to administer state assessments. As a result of these actions by KLA, the 2017 assessment scores of all students tested at KLA cannot be considered valid or trustworthy or relied upon and will be invalidated.</p>		
14	Personnel Management	Failure to conduct criminal history background checks	<p>No dispute or denial; however, stated that:</p> <ul style="list-style-type: none"> the findings were addressed the purported governing board and new school leader corrected the situation, by transferring students to other schools and adopted policies and procedures that prevent such practices from occurring in the future. <p>(Exhibit 4, Response, page 5-6)</p>	10.6	1

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15	Personnel Management	Hiring of inexperienced and unqualified non-instructional employees/agents to engage in the activities and operating requirements	<p>No dispute or denial; however, stated that:</p> <ul style="list-style-type: none"> the findings were addressed the purported governing board and new school leader corrected the situation, by transferring students to other schools and adopted policies and procedures that prevent such practices from occurring in the future. <p>(Exhibit 4, Response, page 5-6)</p>	10.5	1
16	Health and Safety	Failure to submit an annual and standard School Fire Inspection Report for the school's facilities	<p>No dispute or denial; however, stated that:</p> <ul style="list-style-type: none"> the school will be compliant with this requirement and will be inspected in June of 2018. <p>(Exhibit 4, Response, page 6)</p> <p>KLA submitted an inspection on June 7, 2018 it was submitted. Inspection report was dated June 1, 2018.</p>	6.5.1, 7.3	1