



**Statement by Steve Sundquist, School Board President
Following Executive Session, Tuesday, March 1, 2011**

The mission of Seattle Public Schools is to deliver on the promise of a quality education for every student in Seattle. Public trust and confidence is fundamental to that mission. The revelations of financial irregularities and a lack of management oversight demonstrate a clear breach of that vital trust. Like all other parents and taxpayers in Seattle, we Board Members are angry and enormously disappointed.

Every day in classrooms across Seattle, teachers and principals are helping students understand what it means to be ethical citizens and to take responsibility for their actions. This Board will not tolerate unethical conduct, nor will we tolerate a lack of accountability.

Background

Last summer, Board Members began asking questions about a state audit finding that the Regional Small Business Development Program (RSBDP) was being inappropriately paid for with capital funds instead of with general funds as it should have been.

At around the same time, we learned that the District had reported to the State Auditor's Office (SAO) that a \$35,000 check written to the RSBDP had been lost. The subsequent discovery that the check had been deposited in a private account led, in turn, to the discovery of other similar irregularities. The District then asked the SAO to launch a special investigation of the RSBDP. District staff and the School Board cooperated fully in that investigation.

As the State Auditor's investigation proceeded, the RSBDP was terminated.

In early December, the District's General Counsel reported preliminary findings of the SAO investigation to the Board in executive session. By that time, the SAO had uncovered substantial potentially fraudulent activity associated with the RSBDP. Alarmed by these findings, the Board requested that an investigator be retained to conduct a separate and independent investigation on behalf of the Board.

Special Ethics Counsel Patricia Eakes was commissioned to conduct the Board's independent investigation of this matter and given wide latitude. Eakes is an attorney with the law firm of Yarmuth Wilsdon Calfo and a 17-year veteran of the King County Prosecuting Attorney's Office. The scope of her investigation was to conduct a comprehensive review of management's role so as to help answer questions around oversight and accountability.

In mid-December, the Board President and Vice President, along with the District's General Counsel, met with the King County Prosecuting Attorney to request a criminal investigation.



The State Auditor's Office Special Investigation Report was released last Wednesday, February 23rd. Patty Eakes' Independent Investigation Report was released last Friday, February 25th. The criminal investigation is ongoing.

This Week

Tonight's meeting in executive session was an opportunity for the Board to pull together the two independent streams of information. We discussed the two reports released last week—the State Auditor's Special Investigation Report and the report from the independent investigation commissioned by the Board—and we considered our options.

No decisions were made tonight; we will make decisions tomorrow night at our regularly scheduled public meeting. Board Members agree, however, that the investigations reveal deeply troubling actions and a series of red flags that should have been heeded. In addition, the investigations highlight areas of concern that we agree must be immediately addressed, specifically:

- A lack of management oversight and accountability that allowed potentially fraudulent activity to persist for years without intervention;
- Missed opportunities on the part of staff—in varying roles and at varying levels— to keep the Board properly informed;
- A workplace culture within some parts of our organization that caused fear of reprisal among employees who might otherwise report concerns;
- Management's failure to act upon those employee concerns that are reported.

At our Board meeting tomorrow night, we will hear testimony from the public and Board Member comments. We will then consider motions to terminate the employment contracts of Superintendent Maria Goodloe-Johnson and Chief Financial & Operating Officer Don Kennedy, as well as a motion concerning the possible appointment of Chief Academic Officer Susan Enfield as Interim Superintendent. The [meeting agenda and motions](#) will be posted on the Board's website shortly.

The disturbing evidence of repeated violations of the public trust demands swift and decisive action by the Board. We are uniformly committed to restoring public confidence and to ensuring that this never happens again.