



Missouri
Charter Public School Commission

February 4, 2022

Mr. Hugh Eastwood
Chairman
Kairos Academies Board of Directors
2315 Miami Street
St. Louis, MO 63118

RE: Letter of Concern – Governance, comprehensive management, open meetings, and employment of personnel

Dear Mr. Eastwood:

We are issuing this Letter of Concern to Kairos Academies (KA) because KA has not reported to the Commission a change in KA's "legal status, governance, or senior management" and because KA does not have a currently effective written contract with Kairos Academies Vanguard (Vanguard), a separate nonprofit organization which is providing management services to the school. These material changes to KA's operations require submission of a proposed amendment to the performance contract and the Commission's approval.

The Commission appreciates Kairos Academies' commitment to students and families in St. Louis. To address the Commission's concern and to keep that commitment to the community--especially while expanding the school--Kairos Academies must take the corrective actions attached to this letter.

Missouri law, the Commission's policies, and the performance contracts between the Commission and the schools it sponsors require that these changes be reported and, when applicable, be approved by the sponsor. These requirements exist to ensure that public funds for the education of Missouri students are managed transparently and appropriately. The reporting and approval of proposed material changes is also one way for schools to demonstrate to the Commission that they have the capacity to hold school leaders and all vendors--including providers of comprehensive management services--accountable for performance in serving the students of our communities.

In 2019, the Commission understood that Kairos Academies Vanguard had been formed mainly to raise funds for the school and that the chief executive officer of Kairos Academies would be employed by Vanguard. Last week, based on our review of required submissions and discussions with Kairos Academies, we learned that an agreement with Vanguard for management services was discussed in the July school's 2019 board meeting but that no written agreement was executed at that time. Vanguard has offered significant management services to the school since 2019, ultimately employing four leadership staff in 2019, nine in 2020, and 10 in 2021.

During our review of this matter, the Commission found that Kairos Academies' board went into closed session on December 16, 2021 without the appropriate motion and discussed compensation for individuals employed by Vanguard. Kairos Academies' board does not have authority over the compensation of employees of Vanguard, and discussing such compensation does not justify going into closed session.

Kairos Academies is free to contract for charter management services provided by related nonprofits. When a school decides to contract for services, however, the school remains accountable for complying with all the obligations of its performance contract (or "charter"). Each charter school's board must ensure that any real or perceived conflicts of interest are addressed, that the employment status of individuals working for the school or the management organization are clearly established, and that the board reviews and approves financial transactions between the school and the management organization.

Thank you for your prompt attention to this matter.

Sincerely,

A handwritten signature in cursive script that reads "Robbyn G. Wahby". The signature is written in black ink and is positioned above the typed name.

Robbyn G. Wahby
Executive Director

ATTACHMENT

CC: Members, Kairos Academies Board of Directors
Members, Missouri Charter Public School Commission

ATTACHMENT

Kairos Academies Required Corrective Actions – February 4, 2022 – March 31, 2022

To address the Commission's concern, Kairos Academies shall complete the following by March 31, 2022:

First, Kairos Academies must execute a written agreement with Kairos Academies Vanguard for the management services discussed being provided to the school. This contract must:

1. Be reviewed by legal counsel independent of Kairos Academies Vanguard and the board's finance committee,
2. Make clear the employment status of individuals employed by the school and by Vanguard, and
3. Clearly state the performance expectations of the management organization and the school's remedies for inadequate performance or breach of the agreement.

Once the contract that meets these requirements has been approved by Kairos Academies' finance committee, Kairos Academies shall:

1. Submit the proposed management contract between KA and Vanguard to the Commission as a material amendment to the current performance contract.
2. Following Commission review and approval, have the KA - Vanguard contract approved by the full board and execute the contract.
3. Update and submit board approved financial policies to the Commission that prohibit employees of vendors--including providers of management services--from serving on Kairos Academies' board.
4. Submit a revised organization chart for Kairos Academies, including which employees report to and are evaluated by the KA board.
5. Require Vanguard to return any funds paid by KA to Vanguard for compensation of Vanguard employees as a result of KA's board meeting discussion in December 2021. Also have the KA board review and approve invoices paid since 2019 to Vanguard by KA.
6. Submit board-approved monthly financial records showing payments to Vanguard for contracted services.
7. Hire auditors to audit the school's FY 2021-22 financials separate from the audit of Vanguard, and have Vanguard submit its audit to KA for review.
8. Secure legal counsel experienced in nonprofit and/or public school law, policy, and management.
9. Have legal counsel review board meeting procedures and minutes to ensure compliance with RSMo 610.022's provisions regarding closed sessions and appropriate fiscal and performance oversight of the Vanguard contract.
10. Have legal counsel or another provider train board members regarding compliance with Missouri sunshine laws.

Prior to completing any of these steps, the Commission encourages Kairos Academies to engage a consultant to review and make recommendations for improvement to its current organization structure, relationship with Vanguard, and its financial management procedures, including board oversight. Such a consultant should be familiar with how other charter public schools have worked with related entities to secure quality services while maintaining the required oversight by the school's board and public transparency regarding the relationship between the entities.

If Kairos Academies decides not to continue this service arrangement, all school staff, including organization leaders and support staff, must be employed by Kairos Academies and enrolled in the retirement system of the school district in which the school is located. KA must notify the Commission in writing of such a decision within 30 days.