

Dear Colleagues,

I have worked in Missouri, Texas, and Oklahoma education for 42 years. From a classroom teacher to an education researcher, my experience is diverse and my commitment to strengthening education models for the betterment of school children runs deep. I am well versed in best practices of school governance and even currently serve an organization who accredits Oklahoma school districts by analyzing their governance, finance, operations, and student outcomes. It is that experience that makes me certain there are several matters regarding Epic that necessitate immediate and independent investigation by our regulatory entities and sponsoring organizations. These matters are also why I am resigning from the Community Strategies Board of Education effective immediately.

An overview of the events that have occurred within Epic that merit immediate and independent investigation are as follows:

### **Intimidation and Harassment**

Several women, both former and current employees, have approached me in the last four months with complaints of intimidation and harassment by Chairman Campbell. According to these women, they have been yelled at, berated, subject to profane comments and implied threats to their employment. All described an often-hostile work environment. These women expressed fear of retaliation in making their complaints public, especially since they indicate Superintendent Banfield was well aware and perhaps also complicit. So, I have been deliberating in how to best support them and the independent review of their complaints. I can stand silent no longer and will therefore be connecting them to regulatory bodies who can review the evidence these women have shared with me.

### **Suppression of Fraud and Board Policy Violations**

I have reviewed alarming data never before provided to Community Strategies Board members due to it being suppressed by Chairman Campbell and Superintendent Banfield. This data affirms: 1.) a high percentage of students being withdrawn for truancy that is not in compliance with state law, 2.) possible violations of our school contracting and procurement policies and 3.) compensation and bonuses being given that exceeded employment contracts and in clear violation of the Employee Handbook.

In regard to improper withdrawal practices, the internal auditor presented truancy audit findings to Chairman Campbell, Superintendent Banfield and other school staff. Even though her audit identified that a high percentage of students were withdrawn for truancy that did not comply with the Oklahoma state statute or school policy, no corrective action was taken by the instructional department. Further, Superintendent Banfield instructed the internal auditor that this information should not be presented at a public board meeting, or individually shared with Board members, despite her reporting directly to the Board herself, because of how damaging the findings could be viewed. The truancy audit report was therefore never placed on a board meeting agenda or shared individually with board members.

Regarding item two, I have been provided information that suggests the school's contract with Hogan Taylor should have been competitively bid pursuant to Board policy but that it wasn't to ensure that it was sole sourced to Hogan Taylor, which raises questions about any board members' prior and subsequent relationship with this firm, which were not disclosed.

Concerning item three, I have reviewed shocking data never before provided to Community Strategies board members, but which calls into question the school's treatment of public funds. However, Epic's former internal auditor brought this data to the attention of Chairman Campbell, Superintendent Banfield and HR Deputy Superintendent Salkil. The information was never shared with board members because Chairman Campbell and Superintendent Banfield instructed that such concerns should never be brought up again. She was further told that any findings that were viewed as critical or "punitive" would result in roadblocks, obstinance and difficulties for the internal auditing team to do their job and that her job was currently under review. The data she collected documented extremely large and unapproved bonuses that exceeded employee contracts without board approval; and bonuses that were in clear violation of board policy that expressly requires the proration of bonuses for partial year employees, including the Deputy Superintendent of Finance. Coincidentally, unapproved bonuses were a large component of the recently released investigative audit of Seeworth Academy. The internal auditing team also discovered large compensation packages and raises for staff that well exceeded public school market norms – raises that appears were still being distributed this fall and after school year contracts were in place. And, the hiring of many new employees and positions for the current school year even with declining enrollment. The former internal auditor raised concerns whether these actions were sustainable and not threaten the school's budget, but her concerns were dismissed. She stressed to Chairman Campbell and Superintendent Banfield that the bonus data, in particular, should be provided to the Board for corrective action to improve internal controls in payroll to avoid bonus payments without proper authorization and to mitigate risks of unethical behavior by school leadership. Rather, than allowing her to do so, her position was threatened and, due to the hostile work environment, she resigned quickly thereafter.

I have reviewed evidence that supports all of these allegations and, coincidentally, the entire internal auditing team was terminated on November 12 despite an internal auditor being a condition of our settlement agreement with the SVCSB. It is alarming the school does not have a method for employees to report fraud to the Community Strategies Board without fear of retaliation and threats to their employment.

### **Suspect Reduction In Force Actions**

I am unaware of any school district in Oklahoma that has engaged in a Reduction in Force without a Board-approved RIF policy that outlines the conditions by which a RIF would occur and clear, objective, transparent criteria for how RIF decisions would be made at the individual employee level. At no time prior to EPIC executing a RIF, neither was a RIF policy brought to the Board for approval nor were dire budget conditions shared with the Board that would have laid the foundation for a RIF being necessary. Quite the contrary. Moreover, with large bonuses and raises being distributed this summer and numerous new positions hired, it seems odd for our superintendent to tell the press that the "right-sizing" of EPIC and the RIF were forecasted. It also appears clear that these employee actions were not taken in accordance with the Employee Handbook – and in some instances may be in violation of the law. Further, for this RIF to have

begun less than one week from our next regular Board meeting and for Board members to learn about it in the news is highly suspect. When I disagreed with the RIF process at the board meeting, I was met with unkind and unprofessional behavior by the Chair and the Superintendent for raising questions any school board member in the state of Oklahoma would have asked in the same situation.

### **Possible Violations of the Open Meetings Act**

We have discussed matters and individuals in our executive sessions not on the agenda and allowed individuals in our executive sessions who are not board members, school staff or agents on behalf of the school. Therefore, I am duty bound to report these as what I believe to be violations of the Open Meetings Act. I also think investigators should determine whether there has been a pattern of procuring walking quorums, which also would be violations of the Open Meetings Act.

### **Questions Regarding Education Board Partners**

Finally, I believe the lucrative contract awarded to Education Board Partners to recruit and vet potential new board members should be reviewed by our regulators. The intent of the prior board was to recruit independent board members whose backgrounds suggested suitability for this type of public service. I have reviewed evidence that suggests this nonprofit either failed to conduct meaningful background checks or failed to disclose information for the previous Board to weigh before voting on new members. I also question why Education Board Partners would ask the previous Board to vote new members to the Board prior to us updating our bylaws, to include terms of service, code of conduct and the mechanisms for removing a Board member.

Colleagues, I respect you and I appreciate your time commitment as a volunteer. However, I believe we have at times been given false information and at other times partial or misleading information to influence our decision making. If we truly want Epic Charter Schools to be a school system committed to accountability, transparency and integrity, an investigation into the matters I have shared in this resignation letter must be done. I will be following up this communication with you by contacting our regulatory and sponsoring entities and connecting them to the information and evidence that I have been given.

Respectfully yours

Dr. Kathren Stehno