E.Q. Scholars, Inc. – Charter Entity ID 6360
School:
The Scholar's Academy

Renewal Executive Summary

Sources of Evidence for this Document

Pursuant to A.R.S. 15-183.I, the Arizona State Board for Charter Schools (Board) has established a process for the renewal of a charter that is based on affirmative evidence in three areas:

I. Success of the academic program, including academic achievement
II. Viability of the organization, including fiscal management and compliance
III. Adherence to the terms of the charter, including contract and legal compliance

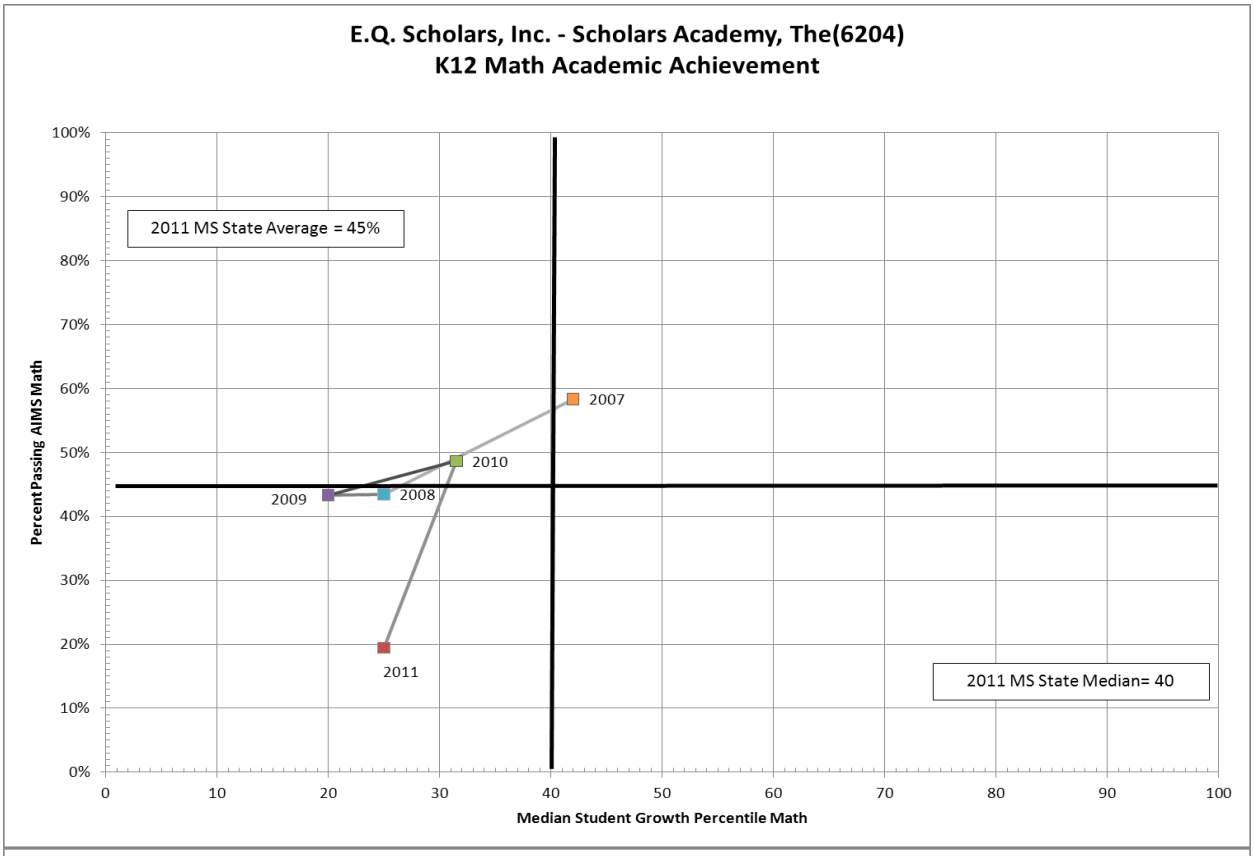
Evaluation of the charter holder's success in these three areas is based on a variety of information that will serve as sources of evidence in determining renewal of a charter. These sources include, but are not limited to:

- Pupil achievement data
- Independent financial audits
- Five-year interval summary reviews
- Site visit reports
- Monitoring reports
- Application package for renewal

Profile

E.Q. Scholars, Inc. operates one school serving grades 7-12th with a total FY2011 average daily membership (ADM) of 108.982. Additional information can be found in the Renewal Summary Review.

Graphs displaying the academic achievement for the past five years, if available, are provided on the next page.


E.Q. Scholars, Inc. - Scholars Academy, The(6204)
K12 Math Academic Achievement
2011 MS State Average = 45%
2011 MS State Median= 40
2007
2008
2009
2010
2011
Percent Passing AIMS Math
Median Student Growth Percentile Math
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
0
10
20
30
40
50
60
70
80
90
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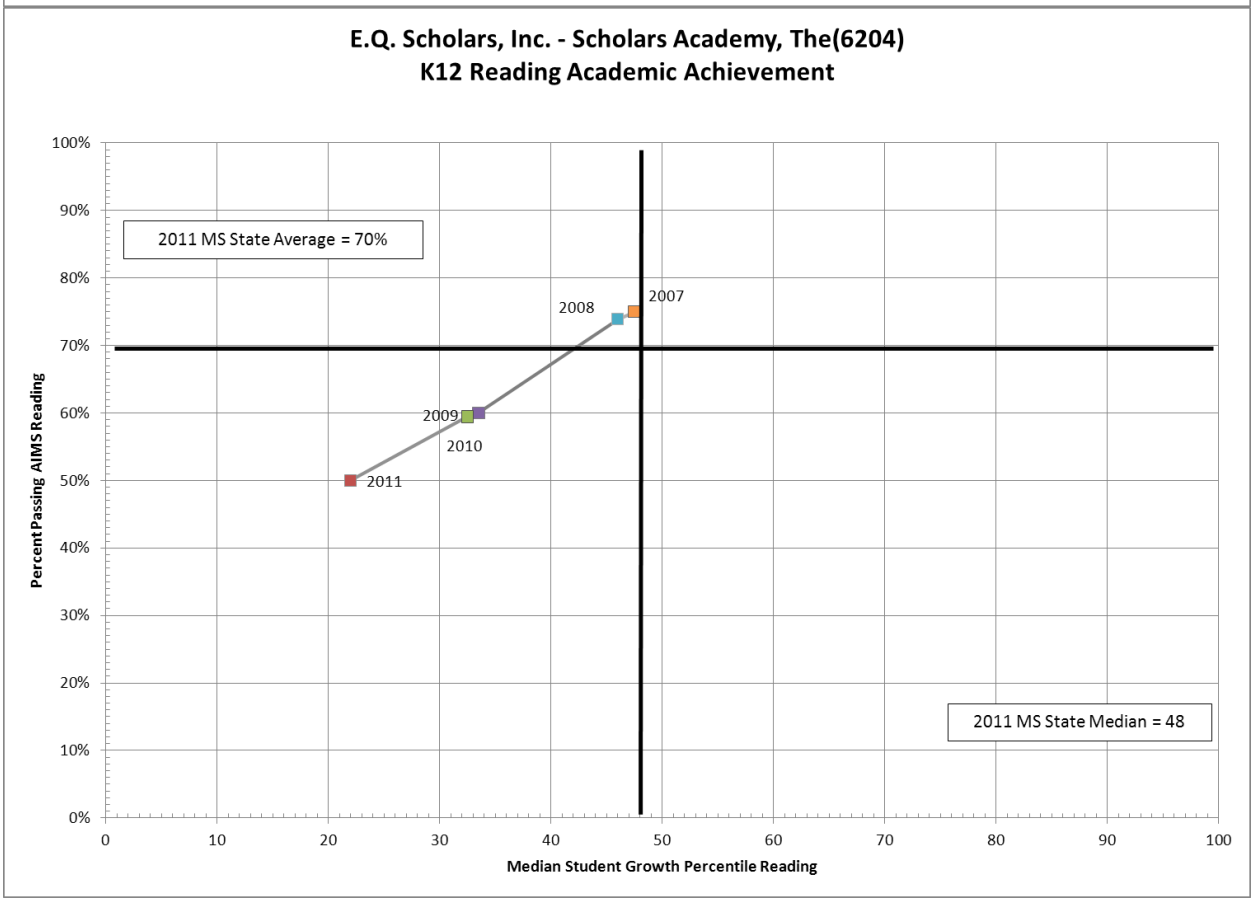
E.Q. Scholars, Inc. - Scholars Academy, The(6204)
K12 Reading Academic Achievement
2011 MS State Average = 70%
2011 MS State Median = 48
2007
2008
2009
2010
2011
Percent Passing AIMS Reading
Median Student Growth Percentile Reading
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
0
10
20
30
40
50
60
70
80
90
100

I. Success of the Academic Program

The academic performance of the school operated by the charter holder did not meet or demonstrate sufficient progress toward the Board's level of adequate academic performance. Therefore, the charter holder was required to submit a Performance Management Plan in the academic section of the renewal application and to complete the Renewal Budget Plan.

A Performance Management Plan was submitted with the renewal application on 11/22/2011.

A leadership team discussion was conducted by Board staff on December 13, 2011, at The Scholars Academy in Quartzite, AZ, with Steve McClenning (Charter Representative). Mr. McClenning confirmed specifically what was written in the Performance Management Plan narrative. There are no curriculum maps currently in place. Teachers are responsible for creating their lesson plans aligned to the standards but lesson plans are not monitored by the administration. There is currently no teacher evaluation system in place to ensure implementation of the standards in instruction. As stated by Mr. McClenning during the discussion with Board staff, the school's administration (principal and business manager) collects AIMS scores, graduation rates, enrollment numbers and teacher retention rates to review, but, prior to development of the PMP, no other data has been collected. The PMP submitted includes increasing the assessment data that will be available to the school through the purchase of Acuity assessment system. Mr. McClenning stated that the school has the ability to fund costs associated with the action steps in the PMP.

For FY 2012, the school operated by E.Q. Scholars, Inc., The Scholar's Academy, was designated as " Underperforming" and required to submit a Continuous Improvement Plan with the Arizona Department of Education.

Required submissions for the Academic Performance Section and the Renewal Budget Plan, as well as the applicable evaluation instrument and checklist, are included in the charter holder's portfolio. The evaluation instrument completed by staff identifies whether the required information provided included a Full Description, a Partial Description, or a Very Limited Description. The checklist completed by staff identifies whether the required elements of the Detailed Business Plan were addressed.

II. Viability of the Organization

The charter holder meets the standards specified in the *Renewal Application Instructions*. Therefore, the charter holder was not required to submit the charter holder's Financial Sustainability portion of the Detailed Business Plan Section.

III. Adherence to the Terms of the Charter

A. Compliance Matters Requiring Board or Other Agency Action[1]

[1] For more information about the areas of compliance reviewed for this section, please see the "Renewal Guide".

In November 2008, ADE Exceptional Services notified the charter holder of partial compliance in some areas with regard to specific regulations for Part B, Individuals with Disabilities Education Act (IDEA), and the Arizona Revised Statutes. The compliance issues were reported by ADE as resolved in January 2009.

B. Other Compliance Matters[2]

In March of 2007, ADE Academic Achievement Division (ADE/AAD) identified noncompliance items in the NCLB Programmatic Monitoring Cycle 2 Packet for 2006-07. The noncompliance items were reported by ADE as resolved in May of 2007.

The fiscal year 2011 audit identified an issue that required a corrective action plan (CAP). Specifically, the audit indicated that for 1 of 10 instructional employees a fingerprint clearance card (FCC) was not obtained prior to the hire date of August 22, 2011. The charter holder complied with certain of the law's provisions that permit a school to hire an instructional employee prior to receipt of the FCC, but not all of the provisions. First, although proof of submission of a FCC application to the Department of Public Safety (DPS) is required at the time of hire, the FCC application was not filed with DPS until September 24, 2011. Second, the statewide criminal history information check was not completed until September 22, 2011. The charter holder submitted a satisfactory CAP.

Additionally, the fiscal year 2009 audit identified repeat weaknesses in internal controls relating to segregation of duties that required a CAP. Generally Accepted Accounting Standards or GAAP require management to have internal control procedures in place to safeguard assets and reduce the likelihood that error, mismanagement or fraud will go undetected.[3] Specifically, the fiscal year 2009 audit indicated that the charter holder did not have adequate segregation of duties in the areas of cash disbursements and payroll. This issue, along with inadequate segregation of duties related to cash receipts, was also identified in the fiscal year 2008 audit. The charter holder submitted satisfactory CAPs in both fiscal years. The fiscal years 2010 and 2011 audits indicate that this issue has been addressed.

Further, the fiscal year 2009 audit identified a second issue that required a CAP. Specifically, the audit indicated that high school subjects did not meet for a minimum of 123 hours per year. Rather, high school subjects met for 45-50 minutes per day for 145 days for a total of 108 to 120 hours per year. The charter holder submitted a satisfactory CAP.

Finally, the fiscal year 2009 audit identified two repeat issues that were also included in the fiscal year 2008 audit. The first involved management not being comprised of individuals that possess the competencies required to prepare full disclosure financial statements in accordance with GAAP. The second involved journal entries not being adequately supported.

C. Charter Holder's Organizational Membership

Because the organizational membership on file with the Board was not consistent with the information on file with the Arizona Corporation Commission, the charter holder was required to

[2] For more information about the areas of compliance reviewed for this section, please see the "Renewal Guide".
[3] E.Q. Scholar's charter contract requires it to comply with GAAP.

submit the charter holder's Organizational Membership portion of the Detailed Business Plan Section. Required submissions for the charter holder's Organizational Membership portion of the Detailed Business Plan Section of the renewal application and the applicable checklist are included in the charter holder's portfolio. Although the charter holder submitted documentation as part of its renewal application package, the information submitted did not resolve the discrepancy. Since the submission of the renewal application, the Charter Holder has submitted the appropriate filing to the Arizona Corporation Commission to amend organizational membership for consistency.

Board Options

Option 1: The Board may approve the renewal. The following language is provided for consideration: Renewal is based on consideration of academic, fiscal and contractual compliance of the charter holder. In this case, there is a record of academic performance below the Board's level of adequate academic performance, which has been addressed by the charter holder through the inclusion of a performance management plan as part of the renewal application package and can be incorporated in the charter contract. There is also a record of past contractual noncompliance which has been reviewed. With that taken into consideration as well as all information provided to the Board for consideration of this renewal application package and during its discussion with representatives of the charter holder, I move to approve the request for charter renewal and grant a renewal contract to E.Q. Scholars, Inc. that incorporates the performance management plan.

Option 2: The Board may deny the renewal. Staff recommends the following language for consideration: Based upon a review of the information provided by the representatives of the charter holder and the contents of the application package which includes the academic performance, the fiscal compliance, and legal and contractual compliance of the charter holder over the charter term, I move to deny the request for charter renewal and to not grant a renewal contract for E.Q. Scholars, Inc. Specifically, the charter holder, during the term of the contract, failed to meet the obligations of the contract or failed to comply with state law when it:

1. Failed to provide a learning environment to improve pupil achievement in accordance with A.R.S. § 15-181(A).
2. Failed to comply with Generally Accepted Accounting Principles.
3. Other specific reasons the Board may have found during its consideration including…