

---

**AGENDA ITEM:** Compliance Matters – Founding Fathers Academies, Inc.

**Issue**

Founding Fathers Academies' fiscal year 2011 audit identified repeat noncompliance with federal payroll tax requirements. A corrective action plan was requested, but as of the writing of this report, the charter holder has failed to submit a corrective action plan to the Board. Therefore, the charter holder has been placed on the April agenda.

**Founding Fathers Academies, Inc.**

Founding Fathers Academies' fiscal year 2011 audit indicated for the second year in a row that the charter holder did not deposit federal payroll taxes on a timely basis. The audit further states that as of June 30, 2011, the charter holder owes \$40,729 for payroll taxes and \$20,363 for penalties and interest for the year ending June 30, 2011.

- On December 23, 2011, Board staff emailed a letter asking the charter holder to submit a corrective action plan (CAP) by February 10, 2012.
- On February 15<sup>th</sup>, Board staff sent the charter representative a friendly reminder since the CAP had not yet been received.
- On March 5<sup>th</sup>, Board staff called the school and was told that the charter representative would be returning that day from a conference. Board staff left a message for the charter representative indicating that the CAP hadn't been received and asked the charter representative to contact Board staff.
- On March 8<sup>th</sup>, Board staff visited the school to conduct the leadership team discussion related to the school's academic performance. During that visit, Board staff hand-delivered to the charter representative a copy of the December 23, 2011 audit letter.
- On March 19<sup>th</sup>, Board staff emailed and faxed a letter to the charter representative indicating that the charter holder would be placed on the Board's April 9<sup>th</sup> agenda for possible disciplinary action. On March 19<sup>th</sup>, Board staff received notification that the email had been read by the charter representative.

**Board Options**

Option 1: The Board may decide to take no action at this time.

Option 2: The Board may approve withholding 10% of the charter holder's monthly state aid apportionment. Staff recommends the following language for consideration: I move to find Founding Fathers Academies, Inc. is in noncompliance with federal law and its charter contract for its failure to comply with federal payroll tax requirements and approve withholding 10% of the charter holder's monthly state aid apportionment until the charter holder demonstrates compliance by submitting the corrective action plan requested in the Board's December 23, 2011 letter.

Option 3: The Board may vote to issue a Notice of Intent to Revoke the charter holder's charter contract. The following language is provided for consideration: I move to issue a Notice of Intent to Revoke the charter contract of Founding Fathers Academies, Inc. for failing to comply with federal payroll tax requirements and its charter contract.

- Within 48 hours of receipt of the Notice the charter operator shall notify staff and parents/guardians of registered students of the Notice of Intent to Revoke and the Notice of Hearing and provide a school location where the copy may be reviewed;
- Within 20 days of receipt of the Notice the charter operator shall provide copies of all correspondence and communications used to comply with the preceding provision; and
- Within 20 days of receipt of the Notice the charter operator shall provide the Board with the names and mailing addresses of parents/guardians of all students registered with the school.

Option 4: The Board may choose to withhold 10% of the charter holder's monthly state aid apportionment and to issue a Notice of Intent to Revoke the charter holder's charter contract. The following language is provided for consideration: I move to find Founding Fathers Academies, Inc. is in noncompliance with federal law and its charter contract for its failure to comply with federal payroll tax requirements and approve withholding 10% of the charter holder's monthly state aid apportionment until the charter holder demonstrates compliance by submitting the corrective action plan requested in the Board's December 23, 2011 letter.

Further, I move to issue a Notice of Intent to Revoke the charter contract of Founding Fathers Academies, Inc. for failing to comply with federal payroll tax requirements and its charter contract.

- Within 48 hours of receipt of the Notice the charter operator shall notify staff and parents/guardians of registered students of the Notice of Intent to Revoke and the Notice of Hearing and provide a school location where the copy may be reviewed;
- Within 20 days of receipt of the Notice the charter operator shall provide copies of all correspondence and communications used to comply with the preceding provision; and
- Within 20 days of receipt of the Notice the charter operator shall provide the Board with the names and mailing addresses of parents/guardians of all students registered with the school.