
AGENDA ITEM: Compliance Matters – Failure to Submit Annual Financial Single Audit Package: Shonto Preparatory Technology High School

General Background Information

In accordance with [Board policy](#), staff is to bring charters having state equalization assistance withheld for failure to timely submit their annual audits back to the Board after two months of withholding for consideration of an issuance of a notice of intent to revoke the charter.

In April 2009, the Board voted to withhold 10% of the monthly state equalization assistance from Shonto Governing Board of Education, Inc. dba Shonto Preparatory Technology High School for failure to timely submit their fiscal year ending June 30, 2008 annual financial single audit.

Since it has not yet submitted its fiscal year 2008 audit, this charter has been placed on the agenda for the Board’s consideration. Staff conducted a compliance review of the charter that included:

- A review of the charter’s academic profile;
- A full compliance check to determine the charter’s compliance with special education, No Child Left Behind, federal grants, child nutrition, and Arizona State Retirement System requirements, as applicable; and
- A review of the charter’s public file for any complaints received during fiscal year 2009 that related to the charter’s financial condition or other issues that the fiscal year 2008 audit could have provided insight into had it been available.

Background Information

The Board entered into a contract with Shonto Governing Board of Education, Inc. to operate Shonto Preparatory Technology High School in February of 1998. The school served approximately 132 students in grades 9-12 in FY 09. Shonto Preparatory Technology High School is a Performing Plus school, but did not meet Adequate Yearly Progress (AYP) because it did not meet the required percentage of students tested or the graduation rate.

Audit History

Shonto Preparatory Technology High School’s audit submission history for fiscal years 2005 through 2007 follows:

Fiscal Year 2005	Submitted timely
Fiscal Year 2006	Submitted timely
Fiscal Year 2007	Submitted timely

On July 2nd, the audit firm indicated that it is trying to complete the fiscal year 2008 audit by July 9th.

Identified Issues/Concerns

The compliance review identified an issue of noncompliance with the federal No Child Left Behind Act reporting requirements. Specifically, ADE Grants Management indicates that a completion report hold has been placed on Shonto Preparatory Technology High School’s fiscal year 2009 – Title I LEA funding due to the school’s failure to submit the Fiscal Year 2008 – Title I LEA report.

Board Options

1. The Board may direct staff to monitor Shonto Governing Board of Education, Inc. dba Shonto Preparatory Technology High School’s progress related to the above issues and provide additional updates as they become available.
2. The Board may continue with the current 10% withholding of Shonto Governing Board of Education, Inc. dba Shonto Preparatory Technology High School’s monthly State aid apportionment for failure to timely submit the fiscal year 2008 audit and not add to the basis.
3. The Board may add to the basis for the withholding and require submission of a corrective action plan for

failure to comply with federal No Child Left Behind Act reporting requirements. A corrective action plan would include demonstration that the Fiscal Year 2008 – Title I LEA completion report has been submitted to ADE and that the charter is now in good standing with ADE.

4. The Board may vote to issue a Notice of Intent to Revoke the charter contract of Shonto Governing Board of Education, Inc. dba Shonto Preparatory Technology High School for any or all of the following issues:
 - a) failure to timely submit the fiscal year 2008 financial single audit; and
 - b) failure to comply with federal No Child Left Behind Act reporting requirements.

The motion should also require that:

- 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.
5. The Board may choose to add to the basis of the current 10% withholding (Option #3) and to issue a Notice of Intent to Revoke the charter contract of Shonto Governing Board of Education, Inc. dba Shonto Preparatory Technology High School (Option #4).

Staff's Recommendation - Option #3

Add failure to comply with federal No Child Left Behind Act reporting requirements to the basis for the withholding currently in place for Shonto Governing Board of Education, Inc. dba Shonto Preparatory Technology High School. The corrective action plan for the additional withholding requires demonstration that the Fiscal Year 2008 – Title I LEA completion report has been submitted to ADE and that the charter is now in good standing with ADE.