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**AGENDA ITEM: Compliance Matters – Tucson Youth Development, Inc.**

**Issue**

In accordance with A.A.C. R7-5-605(D), staff is to bring charter holders having state equalization assistance withheld for failure to timely submit their audits to the Board for consideration of additional charter oversight, including issuance of a Notice of Intent to Revoke the charter, after two months of withholding. Pursuant to administrative rule, Tucson Youth Development, Inc. has been placed on the agenda for the Board's consideration of the charter holder's failure to submit its fiscal year 2017 audit reporting package ("audit").

**Tucson Youth Development, Inc. ("Charter Holder")**

On November 21, 2017, the Board approved withholding 10 percent of the Charter Holder's monthly state aid apportionment for failure to submit its fiscal year 2017 audit. On November 21, an email describing the Board's action was sent to the Charter Holder. The November 21 email also included the following: "Please note that in accordance with A.A.C. R7-5-605(D), Board staff will bring charter holders having state aid withheld for failure to timely submit their audit reporting packages to the Board after two months of withholding for consideration of additional oversight, including issuance of a Notice of Intent to Revoke the Charter." Funds have been withheld from the Charter Holder's December and January payments.

On December 20, 2017, the charter representative indicated it is the intention of the Charter Holder and the audit firm to submit the audit before January 16, 2018.

Having reviewed the Charter Holder's prior compliance with submitting its audits, Board staff found the Charter Holder timely submitted its audits for fiscal years 2012 through 2016.