



## Withholding

School Name	Date of Board Action	Violation	Notes	Status of Corrective Action Plan	Date issue, if unresolved, will come back before the Board
<b>Cesar Chavez Learning Community, Inc.</b>	7/13/09	Failing to: <ul style="list-style-type: none"> <li>• provide a comprehensive program of instruction aligned to the Arizona Academic Standards.</li> <li>• ensure that the teachers of core academic subjects are “highly qualified” as that term is defined under the No Child Left Behind Act, (20 U.S.C. § 6301 et seq.).</li> <li>• provide the minimum hours of instruction pursuant to A.R.S. §15-901.A.2.</li> <li>• report student attendance data in accordance with A.R.S. §§15-185.B.2, 15-901 and 15-902.</li> <li>• electronically submit membership and absence information to ADE at least once every 20 school days pursuant to A.R.S. §15-1042.G.</li> <li>• comply with federal immigration laws.</li> <li>• remain current with its reporting and member and employer</li> </ul>	Staff met with the School on 7/22/09 and received add'l material from the School on 8/3/09  Documentation was reviewed. Deficiencies were identified and shared with the school.	8/10/09 Staff sent follow-up letter to the School via email, fax, and US Mail regarding CAP issues that remain outstanding.  School submitted 30 binders of information on 9/4/09.  School faxed/emailed multiple pages on 11/18/09.  School provided additional materials on 12/8/09 and 12/13/09 and stated additional documentation will be provided.	NOIR issued 7/13/09

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		contribution obligations to the Arizona State Retirement System. <ul style="list-style-type: none"> <li>• maintain and retain teacher rosters as required by A.R.S. §39-121.01 and in accordance with Public Records Law.</li> </ul>			
<b>North Star Charter School</b>	July 13, 2009	<ul style="list-style-type: none"> <li>• failing to provide the minimum course of study and competency requirements for graduation of pupils from high school and the issuance of a high school diploma;</li> <li>• failing to maintain and secure records pursuant to Public Records Law including student cumulative files for all students enrolled during FY08 and FY09, personnel files for all employees during FY08 and FY09, verification that teachers are highly qualified under the No Child Left Behind Act, (20 U.S.C. § 6301 et seq.) for FY08 and FY09, and financial records for FY08 and</li> </ul>		Charter holder submitted table outlining progress toward CAP on 8/28/09.  Staff visited school on 9/10 and 9/11. Collected documentation does not satisfy CAP.	NOIR issued on 7/13/09

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		FY09; <ul style="list-style-type: none"> <li>• failing to remain current with its reporting and member and employer contribution obligations to the Arizona State Retirement System.</li> </ul> Failing to provide evidence of compliance with FERPA, fingerprinting requirements and background checks			
<b>Academy of Arizona, Inc.</b>	11/20/09	Failure to timely submit FY 2009 audit and failure to timely submit FY 2010 Declarations of Curricular and Instructional Alignment			March 2010
<b>Blue Adobe Project</b>	11/20/09	Failure to timely submit FY 2009 audit and failure to timely submit FY 2009 annual financial report (AFR)	AFR submitted on 12/15/09.		March 2010
<b>Children's Success Academy, Inc.</b>	11/20/09	Failure to timely submit FY 2009 audit	Audit received 12/18/09. 10% returned with January payment.		
<b>Compass High School, Inc.</b>	11/20/09	Failure to timely submit FY 2009 audit	Audit received 11/20/09. No funding withheld.		
<b>El Pueblo Integral – Teaching and Learning Collaborative</b>	11/20/09	Failure to timely submit FY 2009 audit			March 2010
<b>Global Education Foundation, Inc.</b>	11/20/09	Failure to timely submit FY 2009 audit	Audit received 1/15/10. 10% will be returned with February payment.		March 2010

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<b>Heritage Elementary School</b>	11/20/09	Failure to timely submit FY 2009 audit	Audit received 12/18/09. 10% returned with January payment.		
<b>Khalsa Family Services</b>	11/20/09	Failure to timely submit FY 2010 Declarations of Curricular and Instructional Alignment	Declarations submitted on 12/3/09 and funding returned with January payment.		
<b>Liberty Traditional Charter School</b>	11/20/09	Failure to timely submit FY 2009 audit	Audit received 12/18/09. 10% returned with January payment.		
<b>Phoenix Education Management, LLC</b>	11/20/09	Failure to timely submit FY 2010 Declarations of Curricular and Instructional Alignment	Declarations submitted 01/04/10 and funding will be returned with February payment.		
<b>Vechij Himdag Alternative School, Inc.</b>	11/20/09	Failure to timely submit FY 2009 audit	Audit received 12/14/09. 10% returned with January payment.		

## Schools Under a Notice of Intent to Revoke

School Name	Date of Board Action	Alleged Violation	Date of Revocation Hearing/Orders	Status
<b>Academy of Arizona, Inc.</b>		Failing to: <ul style="list-style-type: none"> <li>timely submit FY 2009 audit.</li> <li>timely submit FY 2010 Declarations of Curricular and Instructional Alignment.</li> </ul>		
<b>Cesar Chavez Learning Community, Inc.</b>	7/13/09	Failing to: <ul style="list-style-type: none"> <li>provide a comprehensive program of instruction aligned to the Arizona Academic Standards.</li> <li>ensure that the teachers of core academic subjects are “highly qualified” as that term is defined under the No Child Left Behind Act, (20 U.S.C. § 6301 et seq.).</li> </ul>	Pre-Hearing Conference set for September 30, 2009 at 1:00 p.m.  Hearing set for December 7, 8, and 9, 2009	NOIR and NOH hand delivered and sent to School 7/22/09.  School provided copy of notice sent to parents and staff - received 8/10/09 Copy of list of students received 8/10/09

## Schools Under a Notice of Intent to Revoke

School Name	Date of Board Action	Alleged Violation	Date of Revocation Hearing/Orders	Status
		<ul style="list-style-type: none"> <li>• provide the minimum hours of instruction pursuant to A.R.S. §15-901.A.2.</li> <li>• report student attendance data in accordance with A.R.S. §§15-185.B.2, 15-901 and 15-902.</li> <li>• electronically submit membership and absence information to ADE at least once every 20 school days pursuant to A.R.S. §15-1042.G.</li> <li>• comply with federal immigration laws.</li> <li>• remain current with its reporting and member and employer contribution obligations to the Arizona State Retirement System.</li> <li>• maintain and retain teacher rosters as required by A.R.S. §39-121.01 and in accordance with Public Records Law.</li> </ul>	<p>Transcripts of hearing filed 12/30/09.</p> <p>Proposed findings of fact and conclusions of law due by both parties on 1//20/10.</p>	
<b>North Star Charter School</b>	7/13/09	<ul style="list-style-type: none"> <li>• Failing to provide the minimum course of study and competency requirements for graduation of pupils from high school and the issuance of a high school diploma.</li> <li>• Failing to maintain and secure records pursuant to Public Records Law, including student cumulative files for all students enrolled during FY08 and FY09, personnel files for all employees during FY08 and FY09, verification that teachers are highly qualified under the NCLB Act for FY08 and FY09, and financial records for FY08 and FY09,</li> <li>• Failing to remain current with its reporting and member and employer contribution obligations to the Arizona State Retirement System, and</li> <li>• Failing to fingerprint or require the submission of a full set of fingerprints to</li> </ul>	<p>Pre-Hearing Conference set for September 30, 2009 at 2:00 p.m.</p> <p>Hearing set for November 16 and 17, 2009.</p> <p>Further Hearing set for March 30 and 31, 2010.</p>	<p>NOIR and NOH sent to School 8/13/09.</p> <p>School provided copy of notice sent to parents and staff - received 9/5/09</p> <p>Copy of list of students received 9/5/09.</p>

### Schools Under a Notice of Intent to Revoke

School Name	Date of Board Action	Alleged Violation	Date of Revocation Hearing/Orders	Status
		conduct a state and national criminal records check on a contractor, subcontractor or vendor who was contracted to provide services on a regular basis on school property.		

### Other Legal Matters

School Name	Date of Board Action	Status

### Consent/Settlement Agreements that are being monitored

School Name	Date of Board Action	Terms	Status of compliance with Terms
<b>Bradley Academy of Excellence, Inc.</b>	7/14/08	<p><b>Federal Payroll Taxes</b></p> <ul style="list-style-type: none"> <li>• Charter Operator agrees to comply with terms of its installment agreement with IRS to pay its overdue payroll taxes. On or before the 30<sup>th</sup> day of each month, beginning June 2008 and continuing until paid in full, the Charter Operator agrees to provide evidence to the Board that the Charter Operator made the required monthly payments under its installment agreement with the IRS.</li> <li>• Charter Operator agrees to remain current in its monthly employer's federal tax deposits for the current fiscal year and for all subsequent fiscal years of its operations.</li> <li>• Charter Operator agrees to notify the Board within</li> </ul>	<p><b>Federal Payroll Taxes</b></p> <p>On May 19<sup>th</sup>, Charter Operator provided proof that first payment (May) was made to IRS.</p> <p>On June 19<sup>th</sup>, Charter Operator provided proof that June payment was made to IRS.</p> <p>On July 18<sup>th</sup>, Charter Operator provided proof that July payment was made to IRS.</p> <p>On August 20<sup>th</sup>, Charter Operator provided proof that August payment was made to IRS.</p> <p>On September 18<sup>th</sup>, Charter Operator provided proof that September payment was made to IRS.</p>

## Consent/Settlement Agreements that are being monitored

School Name	Date of Board Action	Terms	Status of compliance with Terms
		<p>15 days if the Charter Operator terminates services with its current payroll processing vendor and hires a new vendor or decides to bring the payroll processing function back in-house.</p> <p><b>Annual Audit</b></p> <ul style="list-style-type: none"> <li>• Charter Operator agrees to submit its annual financial statement audit and legal compliance questionnaire for fiscal year ending June 30, 2008 by November 15, 2008.</li> <li>• Charter Operator agrees to submit its annual financial statement audit and legal compliance questionnaire for all subsequent fiscal years of its operation by November 15 of the following fiscal year.</li> </ul> <p><b>Grant Completion Reports</b></p> <ul style="list-style-type: none"> <li>• Charter Operator agrees to submit completion reports for all federal funds received for the fiscal year ending June 30, 2008 to ADE by the due date of September 30, 2008.</li> <li>• Charter Operator agrees to submit completion reports for all federal funds received in all subsequent fiscal years of its operation by the due date of September 30 of the following fiscal year.</li> </ul>	<p>On October 21<sup>st</sup>, staff received an email indicating that the school had submitted paperwork to the IRS on 9/17/08 requesting a reduction of the current monthly payment to either \$5,000 or \$10,000 per month. Since neither Bradley nor its consultant received any response to this request prior to the morning of October 20<sup>th</sup>, a payment of \$5,000 was delivered to the IRS on October 20<sup>th</sup> (proof was provided to staff). Late in the afternoon on October 20<sup>th</sup>, the consultant received a call from the IRS requesting that Bradley pay \$10,000 instead of \$5,000. Bradley was given a deadline of November 7<sup>th</sup> to pay the additional \$5,000. Subsequent monthly payments of \$10,000 are to be made on the 20<sup>th</sup> of the month beginning in November.</p> <p>On October 22<sup>nd</sup>, staff requested and received copies of the paperwork submitted to the IRS on 9/17/08 requesting the monthly payment reduction. Additionally, Bradley indicated that it will request written confirmation of the new payment plan and provide this to staff.</p> <p>On November 6<sup>th</sup>, the Charter Operator provided proof that Bradley paid the additional \$5,000 requested by the IRS. This \$5,000 and the earlier \$5,000 cover the \$10,000 October payment. Staff was also informed that the Revenue Officer is working with her IRS Manager to develop written notification of the new payment plan.</p> <p>On November 20<sup>th</sup>, the Charter Operator provided proof that the November payment of \$10,000 was made to the IRS.</p> <p>On December 12<sup>th</sup>, the Charter Operator provided staff with copy of new IRS approved payment plan, which requires payments of \$10,000/month until remaining amount is paid in full.</p>



## Consent/Settlement Agreements that are being monitored

School Name	Date of Board Action	Terms	Status of compliance with Terms
			<p>On December 19<sup>th</sup>, the Charter Operator provided proof that the December payment of \$10,000 was made to the IRS.</p> <p>On January 15<sup>th</sup>, the Charter Operator provided proof that the January payment of \$10,000 was made to the IRS.</p> <p>On February 20<sup>th</sup>, the Charter Operator provided proof that the February payment of \$10,000 was made to IRS.</p> <p>On March 18<sup>th</sup>, the Charter Operator provided proof that the March payment of \$10,000 was made to IRS.</p> <p>On April 29<sup>th</sup>, the Charter Operator provided proof that the April payment of \$10,000 was made to IRS.</p> <p>On May 20<sup>th</sup>, the Charter Operator provided proof that the May payment of \$10,000 was made to IRS.</p> <p>On June 18<sup>th</sup>, the Charter Operator provided proof that the June payment of \$10,000 was made to IRS.</p> <p>On July 14<sup>th</sup>, the Charter Operator provided proof that the July payment of \$10,000 was sent to the IRS.</p> <p>On August 20<sup>th</sup>, the Charter Operator provided proof that the August payment of \$10,000 was made to IRS.</p> <p>On September 18<sup>th</sup>, the Charter Operator provided proof that the September payment of \$10,000 was made to IRS.</p> <p>On November 5<sup>th</sup>, the Charter Operator provided proof that the October payment of \$10,000 was received by the IRS on October 20<sup>th</sup>.</p> <p>On November 20<sup>th</sup>, the Charter Operator provided proof that the November payment of \$10,000 was made to the IRS.</p>

### Consent/Settlement Agreements that are being monitored

School Name	Date of Board Action	Terms	Status of compliance with Terms
			<p>On December 8<sup>th</sup>, the Charter Operator notified staff that the school took a hit to its state equalization payment for the month of December 2009. The Charter Operator contacted the IRS and asked to defer the December 2009 payment to the end of the installment agreement (March 2010). The IRS indicated that it would make a note on the school's account that the school could not make the December 2009 payment and that it would be paid in March 2010. The IRS indicated that this non-payment would not make the installment agreement go into default. The Charter Operator asked the IRS for a letter stating this, but the IRS agent said a letter would not be sent. On December 9<sup>th</sup>, Board staff responded to the Charter Operator that the Board would be provided this information at its next meeting and will monitor the Charter Operator's timely submission of the January payment to the IRS.</p> <p>On January 19<sup>th</sup>, the Charter Operator provided proof that the January payment of \$10,000 was made to the IRS.</p> <p><b>Annual Audit</b> The fiscal year 2008 audit was timely submitted.</p> <p>The fiscal year 2009 audit was timely submitted.</p> <p><b>Grant Completion Reports</b> School submitted its fiscal year 2008 completion report on September 16, 2008.</p> <p>School submitted its fiscal year 2009 completion reports on September 24, 2009.</p>

### Status of Board Requested Reports/Site Visits

School Name	Date of Board	Board Request of School/Staff	Status of compliance with request
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	<b>Action</b>														
<p><b>Phoenix Advantage Charter School, Inc.</b></p>	<p>5/12/08</p>	<p>Board instructed staff for a period not to exceed three years, to monitor the school’s compliance with Classroom Site Fund requirements periodically as established between the staff and the school until such time as compliance is demonstrated through the review of a fiscal year audit that demonstrates compliance. The Board specified that the compliance would not be determined through the fiscal year 2008 audit.</p> <p>In a letter dated May 16, 2008, staff requested that the school provide by June 2, 2008: a specific timeline for eliminating the school’s CSF carryover from prior years and distributing the “new” CSF allocations received annually going forward; a brief description of how the school plans to use the CSF monies coded to Project 1013; and a schedule indicating when the school distributes the CSF monies to the teachers.</p> <p>In a letter dated June 13, 2008, the school was notified of the dates established for submitting the monitoring review reports to the Board:</p> <table border="1" data-bbox="751 841 1371 1019"> <thead> <tr> <th><u>Period Covered by Report</u></th> <th><u>Report Due Date</u></th> </tr> </thead> <tbody> <tr> <td>07/01/07-06/30/08</td> <td>07/22/08</td> </tr> <tr> <td>07/01/08-12/31/08</td> <td>01/22/09</td> </tr> <tr> <td>07/01/08-06/30/09</td> <td>07/22/09</td> </tr> <tr> <td>07/01/09-12/31/09</td> <td>01/22/10</td> </tr> <tr> <td>07/01/09-06/30/10</td> <td>07/22/10</td> </tr> </tbody> </table>	<u>Period Covered by Report</u>	<u>Report Due Date</u>	07/01/07-06/30/08	07/22/08	07/01/08-12/31/08	01/22/09	07/01/08-06/30/09	07/22/09	07/01/09-12/31/09	01/22/10	07/01/09-06/30/10	07/22/10	<p>On May 29, 2008, staff received response from school. School requested that compliance reviews be conducted on the status of CSF as of December 31<sup>st</sup> and June 30<sup>th</sup> of each year.</p> <p>PACS’ financial office is located at Ahwatukee Foothills Prep (AFP). AFP’s roof collapsed in July and flooded the school, which resulted in PACS not having normal access to its records or office functions. PACS was granted an extension until August 15<sup>th</sup> to provide the July 22<sup>nd</sup> report.</p> <p>On July 29<sup>th</sup>, PACS provided the first report. No issues were identified. At this time, PACS “fully expects” the fiscal year 2008 audit to reflect the school’s compliance with all Classroom Site Fund requirements.</p> <p>On January 21<sup>st</sup>, PACS provided the second report. No issues were identified.</p> <p>PACS’ fiscal year 2008 audit did not identify any noncompliance with Classroom Site Fund requirements.</p> <p>On July 30, 2009, PACS provided the third report. No issues were identified.</p>
<u>Period Covered by Report</u>	<u>Report Due Date</u>														
07/01/07-06/30/08	07/22/08														
07/01/08-12/31/08	01/22/09														
07/01/08-06/30/09	07/22/09														
07/01/09-12/31/09	01/22/10														
07/01/09-06/30/10	07/22/10														

			On January 20, 2010, PACS provided the fourth report. No issues were identified.
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### Failing Schools

School Name	Date of Board Action	Violation	Hearing Information	Status

### Civil Penalties

School Name	Date of Board Action	Violation	Amount of Withholding	Date Appeal Timeframe Expires	Status of Corrective Action Plan
<b>Espiritu Community Development Corp.</b>	11/20/09	Subsequent Occurrence of fingerprint requirements	\$1,000	01/02/10	Civil penalty will be assessed with February payment.