
AGENDA ITEM: Compliance Matters – Ahwatukee Foothills Prep Early College High School, Inc.

Issue

In accordance with the Board’s [Policy Statement on Board Notification of Six Months of Non-compliance](#), staff is to bring charter holders having state equalization assistance withheld for failure to timely submit their annual financial statement and compliance audit to the Board for consideration of an issuance of a Notice of Intent to Revoke the charter after two months of withholding. Pursuant to this policy, Ahwatukee Foothills Prep Early College High School, Inc. (AFPECHS) has been placed on the agenda for the Board’s consideration for the charter holder’s failure to submit its fiscal year 2012 audit. In preparation for the February meeting, Board staff completed a compliance check for AFPECHS. No issues of operational noncompliance were identified.

Annual Financial Statement and Compliance Audit Submission

On November 26, 2012, the Board approved withholding 10 percent of the charter holder’s monthly state aid apportionment for failure to submit its fiscal year 2012 annual financial statement and compliance audit. On November 27th, a letter describing the Board’s action was emailed to AFPECHS. The November 27th letter also included the following: “Please note that per Board policy staff will bring charter holders having state aid withheld for failure to timely submit their audits to the Board after two months of withholding for consideration of a Notice of Intent to Revoke the Charter.”

Having reviewed the charter holder’s prior compliance with submitting its annual financial statement and compliance audit, Board staff found that AFPECHS timely submitted its audit for fiscal year 2011, which was its first year of operation.

In January, the audit firm indicated that the audit had been delayed because the charter holder needed to submit revised attendance data for fiscal year 2012. The charter holder submitted revised attendance data to the Arizona Department of Education (ADE). After ADE processed the data, errors were identified. The charter holder believes it has cleaned up all of the errors and is waiting for ADE to process the data again. The audit firm indicated that it should be able to issue the audit shortly after “clean” data has been processed by ADE and a revised state equalization assistance amount provided.

Compliance Check Results

In preparation for the February meeting, Board staff completed a compliance check for AFPECHS. The compliance check included determining whether the charter holder is:

- In compliance with special education, Elementary and Secondary Education Act, federal grants, and Arizona State Retirement System requirements, as applicable; and
- In good standing with the Arizona Corporation Commission as required by the charter contract.

No issues of operational noncompliance were identified through the compliance check.

The academic dashboard for the charter school operated by the charter holder has been included.

Board Options

Option 1: The Board may decide to take no further action at this time. Staff recommends the following language for consideration: Because the charter holder does not have a history of late audit submissions and work on the audit is progressing, I move to direct staff to bring this matter back to the Board at its March 2013

meeting for further consideration should Ahwatukee Foothills Prep Early College High School, Inc. still not have submitted its fiscal year 2012 audit.¹

Option 2: 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 Ahwatukee Foothills Prep Early College High School, Inc. for failing to timely submit the fiscal year 2012 annual financial statement and compliance audit as required by A.R.S. §15-183(E)(6), A.R.S. §15-914 and the 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 Hearing on Intent to Revoke Charter 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.

¹ Under this option, the current 10 percent withholding would continue until the fiscal year 2012 audit is submitted.

Academic Performance Rating FY 2012

Charter Holder: Ahwatukee Foothills Prep Early College High School, Inc.
Entity ID 90758

Charter School: Mercury Online Academy of Arizona
Entity ID 91246, Grades 9-12

1. Growth

Small High School		1a. SGP		1b. SGP Bottom 25%	
School	School Year	Math	Read	Math	Read
Mercury Online Academy of Arizona	2011-2012	NR	NR	NR	NR
Points Assigned		0	0	0	0
Weight		0	0	0	0

2. Proficiency

Small High School		2a. Percent Passing		2b. Composite School Comparison		2c. Subgroup ELL		2c. Subgroup FRL		2c. Subgroup SPED	
School	School Year	Math	Read	Math	Read	Math	Read	Math	Read	Math	Read
Mercury Online Academy of Arizona	2011-2012	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR
Points Assigned		0	0	0	0	0	0	0	0	0	0
Weight		0	0	0	0	0	0	0	0	0	0

3. State Accountability & Overall Rating

Small High School		3a. State Accountability	4a. Graduation Rate	Overall Rating
School	School Year	Grade	GradRate	
Mercury Online Academy of Arizona	2011-2012	NR	NR	NR
Points Assigned		0	0	0
Weight		0	0	0

Overall Rating	Point Range
Exceeds Standard	> or = to 89
Meets Standard	< 89, but > or = to 63
Does Not Meet Standard	< 63, but > or = to 39
Falls Far Below Standard	< 39

For additional information, see *Academic Performance Framework and Guidance*, available on the ASBCS webpage <http://asbcs.az.gov>