

**AUDIT & COMPLIANCE QUESTIONNAIRE  
FOLLOW-UP MATRIX**

<b>Report Type</b>	<b>Criteria</b>	<b>Recommended Action</b>
Serious Impact Findings	Findings that have a significant impact to the operation of the school or the students.  Specifically threats to health & safety of children, gross violations of GAAP that increase opportunity for fraud/theft, repeat noncompliance, and any other concerns the Board would like brought to its attention.	Issue letter for noncompliance  Bring to board for possible disciplinary action of 10% withholding or issuance of notice of intent revoke
Medium Impact Findings	Findings that impact the educational environment, operation of the school and/or its stakeholders but are not threats to health & safety or gross violations of GAAP.	Issue letter indicating there were deficiencies noted in the audit and that school should correct the deficiencies to avoid possible board action in the future  Staff to work with schools through corrective action plans and site visits, when appropriate
Minimal Impact Findings	Findings that don't significantly impact the operation of the school or the students but are still required by law or contract to be rectified.	Issue letter indicating school should continue to work towards correcting areas noted in the audit  Monitor for repeat findings in the future

In addition to the information presented in the table, the Board and staff will consider the following factors when determining the appropriate course of action to take:

- Repeat breaches of the charter contract or the law
- Multiple instances of noncompliance
- School's ability and willingness to operate in compliance with the law
- School's historical compliance record

The Board expects its charter operators to correct issues identified through their annual audits and use the audits to improve their operations. Therefore, in accordance with the matrix:

- The second time Board staff identifies through the annual audit the same issue, which the first time required a corrective action plan be submitted, a hold will be placed on certain amendments until compliance is demonstrated through the next annual audit.<sup>1</sup> The hold affects amendments related to the charter operator's ability to expand and includes adding sites, adding grade levels

---

<sup>1</sup> If the Board already has developed agreed upon procedures for the particular issue, which resulted in the amendment hold, the charter operator may choose to demonstrate compliance through the agreed upon procedures process in lieu of waiting until the next annual audit. If the charter operator chooses this option, then the Board expects that the charter operator's next annual audit will also demonstrate compliance.

and increasing the school's enrollment cap. Further, the charter operator will be required to submit a written response regarding the repeat noncompliance.

- If the written response supports that the previous plan has been implemented and/or that progress has been made toward returning to full compliance, then no further information will be requested.
- If the written response does not support that the previous plan has been implemented and/or that progress has been made toward returning to full compliance, then the charter holder will be brought to the Board for possible disciplinary action.
- The third time Board staff identifies through the annual audit the same issue, which the first time required a corrective action plan be submitted, the issue will be considered a serious impact finding and the charter operator will be brought to the Board for possible disciplinary action.

### Definitions

“Second time” means either the second consecutive year that the same issue requiring a corrective action plan has been identified through the annual audit, or the next time the same issue requiring a corrective action plan is identified through the annual audit unless two consecutive audits have been submitted demonstrating compliance in this area.

“Third time” means either the third consecutive year that the same issue requiring a corrective action plan has been identified through the annual audit or the next time after the second time the same issue requiring a corrective action plan is identified through the annual audit unless two consecutive audits have been submitted demonstrating compliance in this area.

### *Historical Note:*

<i>Effective:</i>	<i>October 14, 2003</i>
<i>Board Approval Date:</i>	<i>October 14, 2003</i>
<i>Revised:</i>	<i>July 14, 2008</i>