

AGENDA ITEM: Compliance Matters – El Centro for the Study of Primary and Secondary Education, Inc.

Issue

El Centro for the Study of Primary and Secondary Education, Inc. failed to timely submit its fiscal year 2012 audit reporting package as required by its charter, A.R.S §15-183(E)(6) and the July 2012 Settlement Agreement with the Board.

Background

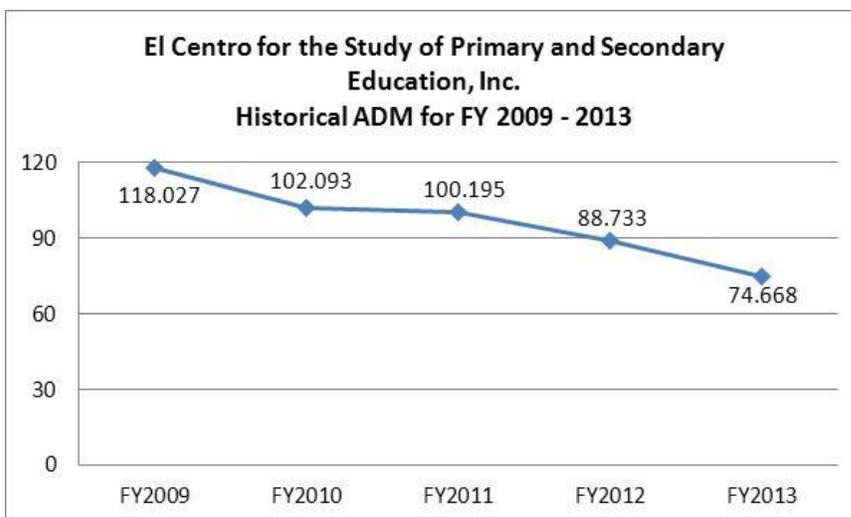
In April 2012, the Board voted to issue a Notice of Intent to Revoke the charter contract of El Centro for the Study of Primary and Secondary Education, Inc. (“El Centro”) for failure to timely submit its fiscal year 2011 audit. Fiscal year 2011 marked the second consecutive year that El Centro failed to timely submit its audit. In July 2012 and following receipt of the fiscal year 2011 audit, the Board approved a [Settlement Agreement with El Centro](#). Under the Settlement Agreement’s terms, El Centro agreed to submit a complete fiscal year 2012 audit reporting package to the Board by the applicable audit deadline and to submit all subsequent fiscal year audit reporting packages by the audit deadline. Pursuant to the Settlement Agreement, if El Centro fails to comply with the terms and conditions of the agreement, the Board, may, on no less than 30 calendar days notice, hold a hearing at which time the Board will receive information to determine whether evidence exists that El Centro failed to comply with the terms and conditions of the agreement. If the Board determines a breach of the agreement has occurred, the Board may revoke El Centro’s charter and terminate its charter contract.

Proposed Settlement Agreement Amendment

In October 2012, El Centro submitted a request for an extension for the due date of its fiscal year 2012 audit reporting package to March 31, 2013, stating that it was subject to a single audit. The extension was granted. On April 5, 2013, El Centro submitted a financial statement audit reporting package instead of a single audit reporting package. As a result, El Centro’s fiscal year 2012 audit was submitted nearly five months after the applicable deadline. At its April 8, 2013 meeting, the Board received this information and directed staff to work with legal counsel to determine the appropriate next step. Staff has proposed an amendment to the Settlement Agreement, which has been approved by El Centro. Under the amendment, if El Centro is granted a single audit extension, but instead submits a financial statement audit reporting package to the Board after November 15th, then El Centro has failed to timely submit its audit and is in breach of its charter, state law and the terms and conditions of the Settlement Agreement and amendment. The Board may then proceed to a hearing.

Additional Information

El Centro operates one school serving grades 6-8. The graph below shows the charter holder’s actual 100th day average daily membership (ADM) for fiscal years 2009-2013.



A dashboard representation of El Centro’s academic outcomes, based upon the indicators and measures adopted by the Board, is provided below.

Academic Performance Rating FY 2012

Charter Holder: El Centro for the Study of Primary and Secondary Education
Entity ID 79640

Charter School: Adalberto M. Guerrero School
Entity ID 79641, Grades 6-8

1. Growth

Small Elementary		1a. SGP		1b. SGP Bottom 25%	
School	School Year	Math	Read	Math	Read
Adalberto M. Guerrero School	2011-2012	51	55	54.5	51
Points Assigned		75	75	75	75
Weight		12.5	12.5	12.5	12.5

2. Proficiency

Small Elementary		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
Adalberto M. Guerrero School	2011-2012	38/42	65/69	-0.3	-1.1	39/24	65/52	37/35	65/64	15/14	33/34
Points Assigned		50	50	50	50	75	75	75	75	75	50
Weight		7.5	7.5	7.5	7.5	2.5	2.5	2.5	2.5	2.5	2.5

3. State Accountability & Overall Rating

Small Elementary		3a. State Accountability	Overall Rating
School	School Year	Grade	
Adalberto M. Guerrero School	2011-2012	50	65.625
Points Assigned		50	
Weight		5	100

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>

5/28/2013

Board Options

Option 1: The Board may choose to approve the amendment to the Settlement Agreement. Staff recommends the following language for consideration: I move the Board approve the amendment to the July 2012 Settlement Agreement between the Board and El Centro for the Study of Primary and Secondary Education, Inc.

Option 2: The Board may vote to hold a hearing to determine if a breach of the Settlement Agreement has occurred. The following language is provided for consideration: I move, under the terms of the July 2012 Settlement Agreement, that a hearing be held to determine whether evidence exists that El Centro for the Study of Primary and Secondary Education, Inc. failed to comply with the terms and conditions of its July 2012 Settlement Agreement. Pursuant to the Settlement Agreement, the hearing date shall be scheduled at least 30 days after the charter operator receive notice of today’s action.

- Within 48 hours of receipt of the Notice the charter operator shall notify staff and parents/guardians of registered students of the Notice 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.

**BEFORE THE ARIZONA STATE
BOARD FOR CHARTER SCHOOLS**

In the matter of:

**EL CENTRO FOR THE STUDY
OF PRIMARY AND
SECONDARY EDUCATION, INC.**
(a nonprofit corporation)

and

**ADALBERTO M. GUERRERO
SCHOOL** (a charter school).

No. 12F-RV-004-BCS

**AMENDMENT TO SETTLEMENT
AGREEMENT**

This Amendment, effective as provided in paragraph K below, is entered into by El Centro for the Study of Primary and Secondary Education, Inc. ("Charter Operator") and the Arizona State Board for Charter Schools ("Board"). The parties agree to amend the Settlement Agreement executed by the parties in July 2012 to add to the Findings of Fact, Conclusions of Law, and Consent Terms and Order as follows:

FINDINGS OF FACT

A. The due date to submit a complete audit reporting package to the Board is November 15th of each year (for the preceding fiscal year¹ audit), except that an extension is possible only for a charter operator that is subject to the Single Audit Act Amendments of 1996 "single audit").² For charter operators that receive a single audit extension, their complete single audit reporting package must be submitted to the Board by March 31st.

¹ The fiscal year is the 12 month period that begins on July 1 and ends on June 30.

² Entities that expend \$500,000 or more in federal awards in a fiscal year are required to obtain a single audit.

B. On October 12, 2012, the Charter Operator submitted a request to the Board for an extension for the due date of its fiscal year 2012 audit reporting package ("FY 2012 Audit") to March 31, 2013, stating that it was subject to the single audit.

C. By letter dated October 12, 2012, the Board granted the Charter Operator a single audit extension of the November 15, 2012 due date to March 31, 2013 for the FY 2012 Audit. In granting the extension, the Board advised the Charter Operator:

Please be advised that this extension applies only if the school is subject to a Single Audit. If it is subsequently determined that the school is not subject to a Single Audit, the extension will not apply and the school will be required to submit a financial statement audit by November 15, 2012.

D. On April 5, 2013, for its FY 2012 Audit, the Charter Operator submitted a financial statement audit reporting package instead of a single audit reporting package. As a result, the Charter Operator's FY 2012 Audit was submitted nearly five months after the applicable deadline of November 15, 2012.

E. On April 19, 2013, the Charter Operator submitted to the Board a document addressing events leading up to the late submission of its FY 2012 Audit and identifying changes being implemented by the Charter Operator to help ensure timely submission of future fiscal year audit reporting packages.

CONCLUSIONS OF LAW

F. The Charter Operator breached its Charter and A.R.S. §§ 15-183(E)(6) and -914 when it failed to timely submit its FY 2012 Audit.

CONSENT TERMS AND ORDER

G. The Charter Operator agrees that the Findings of Fact Nos. 1 through 10 of the Agreement and paragraphs A through E of this Amendment subject the Charter Operator to the termination and revocation of its Charter.

H. By entering into this Amendment, the Charter Operator agrees to the factual findings and conclusions of law set forth in the Agreement and in this Amendment, and understands that it cannot contest any of these findings or conclusions in the future.

I. The Charter Operator agrees that for its FY 2013 Audit and for all subsequent fiscal years, prior to any request for a single audit extension for the due date of its fiscal year audit reporting package, the Charter Operator shall first determine that it meets the applicable federal requirements for a single audit.

J. The Charter Operator agrees that if it is granted a single audit extension for its FY 2013 Audit and any subsequent fiscal year audit; but, instead, submits to the Board a financial statement audit reporting package after the due date of November 15th, then the Charter Operator has failed to timely submit its FY Audit and is in breach of its Charter, A.R.S. §§ 15-183(E)(6) and -914 and the terms and conditions of the Agreement and this Amendment. The Board may, on no less than thirty (30) calendar days' notice, hold a hearing at which time the Board will receive information to determine whether evidence exists that the Charter Operator failed to comply with the terms and conditions of the Agreement and this Amendment. The Charter Operator shall be entitled to present all appropriate evidence at this hearing. If the Board determines that a breach of this Agreement and/or Amendment has occurred, the Board may revoke the Charter Operator's charter to operate the School and terminate its charter contract for breach of this Agreement and/or its Amendment.

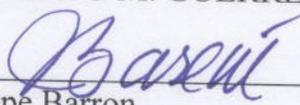
K. This Amendment is not binding on either party until both the Board and the Charter Operator's Governing Board approve it by the number of votes necessary to pass a measure at a public meeting. The Amendment is effective immediately upon its approval and execution by the authorized representatives of the Board and the Charter Operator.

L. The Charter Operator understands that it has the legal right to consult with an attorney prior to entering into this Amendment.

Signed this _____ day of _____, 2013 for
ARIZONA STATE BOARD FOR CHARTER SCHOOLS

By: Jake Logan
President
Arizona State Board for Charter Schools

Signed this 10 day of May, 2013 for
EL CENTRO FOR THE STUDY OF PRIMARY
AND SECONDARY EDUCATION, INC.
ADALBERTO M. GUERRERO SCHOOL



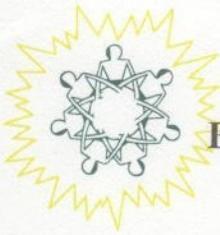
By: Pepe Barron
Charter Representative
EL CENTRO FOR THE STUDY OF PRIMARY
AND SECONDARY EDUCATION, INC.

COPIES mailed this _____ day
of _____, 2013 to:

Pepe Barron
El Centro for the Study of Primary and Secondary Education
2797 N Introspect Drive
Tucson, AZ 85745

Kim S. Anderson
Assistant Attorney General
Education and Health Section
1275 West Washington
Phoenix, Arizona 85007

By _____
3305449



El Centro for the Study of Primary & Secondary Education

2797 North Introspect Drive * Tucson, AZ 85745

(520) 882-6216 * Fax (520) 622-4787

www.guerreroschool.org

BOARD RESOLUTION

At a special meeting of the Board of Directors of El Centro for the Study of Primary & Secondary Education on May 10, 2013 at 4:00 pm, the following resolutions were proposed and approved by the Board:

WHEREAS, pursuant to the Arizona State Board of Charter Schools, the Board is required to approve and submit the Amendment to Settlement Agreement No. 12F-RV-004-BCS.

NOW THEREFORE, BE IT RESOLVED that the Board of Directors of El Centro hereby authorizes Dr. Pepe Barrón to act on behalf on El Centro in entering into a Settlement Agreement with the Arizona State Board of Charter Schools; and to sign for and perform any and all responsibilities in relation to such agreement, and the Board of Directors approves the Amendment to Settlement Agreement. The board members not present were polled by telephone and such resolution was approved unanimously.

Approved: May 10, 2013

approval by teleconference
Ms. Cecile B. Morse
President, Board of Directors

Ms. Cece Bustamante
Member, Board of Directors

Barbara W. Cisneros
Mrs. Barbara W. Cisneros
Member and Secretary, Board of Directors

Adalberto M. Guerrero
Prof. Adalberto M. Guerrero
Treasurer, Board of Directors

Pepe Barrón
Dr. Pepe Barrón,
CEO/Superintendent