Arizona State Board for Charter Schools

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March 11, 2008

Gene Blue & George Dean
Enterprise Academy
415 West Grant Street
Phoenix, AZ 85003

Dear Gene Blue & George Dean:

Per the intergovernmental agreement between the State Board of Education (SBE) and the Arizona State Board for Charter Schools (ASBCS), the ASBCS has reviewed Enterprise Academy's fiscal year 2007 audit package. The ASBCS utilizes this information as one of several tools in determining compliance with your charter contract and the audit can also serve as a valuable tool to charter operators in identifying a school's strengths and weaknesses.

For fiscal year 2008, the SBE granted the school a temporary suspension of the charter contract. The Temporary Suspension of Charter Contract Agreement and Statement of Assurances states that the SBE and the school agree to "the appropriate and timely submission of any Amendments/Notifications that may result from the evaluation and modification of the charter during the suspension period and prior to receipt of any future state aid." Additionally, the SBE and the school agree that "the suspension period is for FY08 only and that failure to resume the provision of instructional services at the beginning of FY09 will result in further consideration by the Board." As of the date of this letter, our office has not heard from the school regarding its plans for fiscal year 2009.

The audit identified issues of noncompliance with fingerprinting requirements. Normally, the school would be required to submit a corrective action plan demonstrate compliance. However, since the school is currently not operating, requesting a corrective action plan at this point would do little to determine the school's current compliance. Therefore, if the school decides to reopen in the fall, staff will conduct an unannounced site visit to verify the school's compliance.

Please note that in accordance with A.R.S. § 15-183(C)(4), all persons engaged in instructional work directly as a classroom, laboratory or other teacher or indirectly as a supervisory teacher, speech therapist or principal shall have a valid fingerprint clearance card (FCC). All other personnel are subject to A.R.S. § 15-512. A school that allows such individuals to provide instruction without a valid FCC would be in violation of state law and its charter contract. Fingerprinting violations are viewed as serious findings that could threaten the health and safety of students. As such, future noncompliance in this area could result in significant disciplinary action by the SBE. Specifically, please note that pursuant to A.R.S. § 15-185(I) the SBE may now impose civil penalties for fingerprinting violations.

Additionally, the audit identified repeat issues of noncompliance with Classroom Site Fund requirements. As you may recall, the school was required to submit a corrective action plan last year regarding noncompliance with Classroom Site Fund requirements. However, the 2007 audit continues to demonstrate the school's failure to implement necessary changes to come into compliance in this area. The ASBCS encourages the school to, again, review A.R.S. § 15-977, the corrective action plan from the prior year, and the school's current policies and

procedures in this area and take the steps necessary to come into compliance. Since the school was granted a temporary suspension of the charter contract for fiscal year 2008, the ASBCS staff will review the fiscal year 2009 audit to identify whether these deficiencies have been corrected. In the meantime, because of the repeat violation, requests to amend the charter relating to the following areas will be placed on hold until compliance is demonstrated:

- Enrollment cap
- Adding sites
- Adding grade levels

Finally, the compliance questionnaire identified weaknesses (signified by "no" answers) at the school that should be addressed in order to comply with certain laws and regulations. Please refer to the fiscal year 2007 audit package for the specific deficiencies and begin the process of correcting them as soon as possible. ASBCS staff will review the fiscal year 2009 audit to identify whether these deficiencies have been corrected. Repeat issues in the 2009 audit report may result in the need for corrective action and/or other action as deemed appropriate by the SBE.

This letter does not address student attendance reporting issues, which will be reviewed by the Arizona Department of Education.

We hope you will utilize the audit information to continually enhance the operation of your school. If you have any questions or concerns, please feel free to contact me at (602) 364-3106.

Sincerely,

Andrea Leder
Government & Financial Services Manager