



Legislative Education Study Committee  
Representative Dennis Roch, Chairman  
Senator John M. Sapien, Vice-Chairman  
July 14, 2016

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JULY 14 2016  
LESC



Hanna Skandera  
Secretary of Education

# State Chartered Charter Schools: FY15 Audit Findings and Corrective Action Plans

- For FY15, 61 charter schools were considered to be component units of the Public Education Department (PED)
- Four of these schools were in closure status
  - The Learning Community
  - Health Sciences Academy
  - Ralph J. Bunche
  - Village Academy
- 11 Foundations are considered component units of their charter schools and as such, component units of the PED

# State Chartered Charter Schools: FY15 Audit Findings and Corrective Action Plans

- Audit Timeline

- December 1, 2015 - The PED FY15 Audit Report was submitted on-time
- March 15, 2016 - The Office of the State Auditor (OSA) releases the FY15 Audit Report to the public
- March 15, 2016 – The PED received a letter from the OSA requesting the PED to provide a corrective action plan (CAP) detailing the measures PED would take to increase oversight and provide additional support in key areas, such as technical assistance, training, and other steps necessary to develop and maintain adequate financial controls at state chartered charter schools. A deadline of April 15, 2016 was indicated for the PED to provide the requested plan
- April 15, 2016 – The PED submitted the requested corrective action plan
- April 20, 2016 – OSA acknowledged timely receipt of the plan

# State Chartered Charter Schools: FY15 Audit Findings and Corrective Action Plans

- Corrective Action Plan Timeline
  - April 8, 2016 - The PED sent a letter (via email) to all state chartered charter schools requiring the development and submission by May 8, 2016 of a Corrective Action Plan (CAP) to address FY15 audit findings
  - April 15, 2016 - The PED submits its Corrective Action Plan to OSA
  - April 20, 2016 - OSA acknowledges timely receipt of the PEDs CAP
  - May 8, 2016 - 55 Charter Schools submitted their CAP on time. (5 Schools were late on submission)
  - May 15, 2015 - All CAPs for charter schools and foundations with findings submitted to the PED
  - May 9, 2016 - OSA requests training documents as per the PED CAP.
  - May 31, 2016: PED submits training documents to OSA.

# State Chartered Charter Schools: FY15 Audit Findings and Corrective Action Plans

- Corrective Action Plan Timeline
  - June 13, 2016 - PED compiled all CAPs into one working document for review and follow-up
  - June 24, 2016 - PED sent the first round of letters requesting additional and supporting documentation for CAP data
  - June 28, 2016 - Media Arts & The GREAT Academy submitted responses to the PED
  - All documentation request letters were sent to charter schools as staff review of the CAPs were completed



STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT  
300 DON GASPAR  
SANTA FE, NEW MEXICO 87501-2786  
Telephone (505) 827-5800  
[www.ped.state.nm.us](http://www.ped.state.nm.us)

HANNA SKANDERA  
SECRETARY OF EDUCATION

SUSANA MARTINEZ  
GOVERNOR

April 15, 2016

Mr. Sanjay Bhakta  
Deputy State Auditor  
2540 Camino Edward Ortiz, Suite A  
Santa Fe, NM 87507

Dear Mr. Bhakta:

On March 15, 2016 the Office of the State Auditor issued a letter requesting a corrective action plan related to state chartered charter school monitoring. The New Mexico Public Education has developed a corrective action plan which is attached. Please do not hesitate to contact me if you have any questions.

Best regards,

A handwritten signature in blue ink, appearing to read "Amelia Seiz".

Amelia "Molly" Seiz  
Audit & Accounting Bureau Chief

New Mexico Public Education Department  
Fiscal Year 2015 Corrective Action Plan for Charter Schools

*Finding: State Charter School Monitoring*

*"The OSA requests that PED provide a corrective action plan detailing the measures PED intends to take to increase oversight and provide additional support in key areas, such as technical assistance, training, and other steps necessary to develop and maintain adequate controls at the charter schools."*

*Steps to Resolve Finding*

On April 8, 2016, Deputy Aguilar issued a memo to all state chartered charter schools to prepare a Corrective Action Plan for all findings they have received for fiscal year 2015. The schools have 30 days to prepare and submit a corrective action plan to the Audit and Accounting Bureau Chief. As the corrective action plans are received, the Audit Bureau will review each corrective action plan and implement a schedule to follow up on the progress the schools have made on a quarterly basis.

**Due Date:** May 8, 2016 from the charter schools and quarterly for PED. The process will begin again each year after the new fiscal year audit is released.

**Responsible person(s):** Audit Bureau

For new state chartered charter schools, the PED Charter School Division has taken a proactive approach to provide training for the charter school creators. The training includes guidance and training on good accounting practices, school budget and finance rules, and provides basic training on Public Schools Accounting and Budgeting (PSAB).

**Due Date:** Training is tentatively scheduled on May 9, 2016.

**Responsible person(s):** Charter School Division

Each charter school is assigned a school budget analyst. Any time charter schools have questions they will reach out to their respective analyst. The analyst will answer the question immediately or seek technical advice from the appropriate bureau within the PED. The school budget analysts receive quarterly cash reports from the schools and will take any concerns to the School Budget and Finance Director.

**Due Date:** On-going.

**Responsible person(s):** School Budget and Finance Division

Semi-annually in the Spring and Winter, the PED partners with the New Mexico Association of School Business Officials (NMAASBO) and provides a training to all districts and charters schools on various school business topics. The Spring Budget training started on March 30, 2016 and continued through April 1, 2016, a choice of 28 topics were offered to attendees to assist them on preparing and implementing successful operating budgets. On March 31, 2016, two breakout sessions regarding the most common audit findings and how to address them was offered. The presenters were Axiom CPA's.

Throughout the training, other topics included: Operating Budget Overview, T & E funding Formula, OMB Circular Review and Updates, Results Driven Accountability (RDA), IDEA-B Application, Ancillary Services and A/B Mem Calculations, Bilingual Education Funding Alignment, Instructional Materials, PSAT and Advanced Placement Funding, Local Maintenance of Effort (MOE), Striving for Excellence Impacting Leaders and Teachers, Pre-K, K-3Plus and Reads to Lead Technology Planning, Title II Under ESSA, NMPSIA Risk and Benefits, School Transportation, Requests for Reimbursement (RfR) Basic Training Guidelines, Title I Overview, Capital Outlay, Office of Management and Budget (OMB) Student Nutrition Procurement Training, Federal Career & Technical Funding, NMPSIA Benefits (01), State and Federal Grants Reimbursement-Targeting Allowability, Free Resources to Support Your Initiative, Sustainability for your Ed Tech Program, Paying Forward eRate, Ed Tech Notes and Technology Planning, The PEC Schools of Concern List, and Dual Credit Instructional Material Funding. Spring and winter trainings will continue to be offered to all districts and charter schools at ASBO conferences. The topics will vary for each training and be tailored to meet issues that are raised through the year.

The PED will implement a process to review the list of schools that have collected their budget packet to ensure someone from each charter school has attended the training. Currently the training is not mandatory however, the PED will evaluate whether making attendance mandatory is a reasonable requirement.

At the end of the training, a survey is sent out to board members and other school representatives. The survey asks a variety of questions and requests suggestions on how to improve the training. The results are used to develop the next training in order to provide effective training.

Due Date: On-going, Semi-Annually.

Responsible person(s): School Budget and Finance Division



### New Mexico Public Education Department

FY 2015 CORECTIVE  
ACTION PLAN

Charter School Name:

FINDING NUMBER	FINDING DESCRIPTION	STEPS TO RESOLVE FINDING	RESPONSIBLE PERSON	DUE DATE



STATE OF NEW MEXICO  
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HANNA SKANDERA  
SECRETARY OF EDUCATION

SUSANA MARTINEZ  
GOVERNOR

## Memorandum

To: PED State Chartered Charter Schools  
From: Hipolito J. Aguilar, Deputy Secretary for Finance and Operations  
Date: 4/8/2016  
Re: Fiscal Year 2015 Corrective Action Plan

A handwritten signature in blue ink, appearing to read "H. Aguilar".

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The Public Education Department is responsible for the supervision of all schools and school officials coming under its jurisdiction. Part of the Department's responsibility pertains to the oversight of public school finance. As you know, "All public schools and school districts shall comply with the rules and procedures prescribed and shall, upon request, submit additional reports concerning finances to the department." NMSA 1978, §22-8-5(B).

State chartered charter schools have a total of 195 audit findings in 2015. In accordance with uniform guidance Section 200.511, the Department is requiring all charter schools with findings to submit a corrective action plan for the 2015 audit findings. A corrective action plan is a document describing exactly how a specific situation will be changed to meet the goals of the school. It is a response to a situation that is problematic, i.e. audit findings.

Below are steps to preparing a corrective action plan.

1. A clear statement of the problem that has been identified.
2. A statement of the desired situation going forward.
3. A listing of specific steps that need to be taken to move from the problematic situation to the desired situation. Each step should list the specific person who is responsible for completing the step and due date of when this work will be completed.
4. A template provided by PED must be used (Attachment 1).

Your corrective action plan is due to the Department no later than May 8, 2016. Please submit corrective action plan(s) to Amelia "Molly" Saiz, Audit and Accounting Bureau Chief via email at [amelia.saiz@state.nm.us](mailto:amelia.saiz@state.nm.us). Thank you in advance for your attention to this issue.

**Saiz, Amelia, PED**

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**From:** Patrick Kelly <pkelly@nmmediaarts.org>  
**Sent:** Monday, May 02, 2016 10:27 AM  
**To:** Saiz, Amelia, PED  
**Subject:** Re:  
**Attachments:** FY2015 - Attachment 1 for CS CAP letter - Media Arts.xlsx

Good morning,

Thank you for the reminder earlier. Hope you have a great week.

Take care,

--

Patrick Kelly - Business Manager  
**Media Arts Collaborative**  
**Charter School**  
4401 Central Ave NE Bldg #2  
Albuquerque, NM 87108  
(505)243-1957 ext. 200 (office)  
(505)350-4724 (cell)  
(505)268-1651 (fax)  
[www.nmmediaarts.org](http://www.nmmediaarts.org)

On Mon, May 2, 2016 at 9:27 AM, Saiz, Amelia, PED <[Amelia.Saiz@state.nm.us](mailto:Amelia.Saiz@state.nm.us)> wrote:

Hello all,

Thank you to those charter schools who have sent in their Corrective Action Plan. Note that corrective action plans are due May 8<sup>th</sup>.

Thank you.

**From:** Aguilar, Paul J, PED  
**Sent:** Friday, April 08, 2016 5:28 PM  
**To:** PED-NM Charter State Schools; PED-NM Charter State Business Manager  
**Cc:** Saiz, Amella, PED; Shumway, Sam, PED; Poulos, Katie, PED  
**Subject:**

**Please see the attached regarding your FY15 financial audit findings.**

**Hipolito J. Aguilar**

**Deputy Secretary, Finance and Operations**

**New Mexico Public Education Department**

**300 Don Gaspar, Room 224**

**Santa Fe, NM 87501**



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HANNA SKANDERA  
SECRETARY OF EDUCATION

SUSANA MARTINEZ  
GOVERNOR

June 24, 2016

Glenna Voigt  
Media Arts Collaborative Charter School  
4401 Central Ave NE Bldg 2  
Albuquerque NM 87108

Dear Ms. Voigt ,

The Public Education Department (PED) is conducting a review of your schools Corrective Action Plan responses Fiscal Year 2015. The review is to ensure corrective measures are implemented timely and in accordance with recommendations made by Axiom, LLC and PED.

Please provide responses on the status of each of the audit findings below, no later than June 30, 2016.

- **2014-001, Mileage Reimbursements** – Please provide amended policies that confirm compliance with the mileage reimbursement rate at 80% of the prior year's IRS rate, include revised travel forms (if available).

Submit responses to my attention at the New Mexico Public Education Department, Audit and Accounting Bureau, 300 Don Gaspar, Santa Fe NM 87501.

Thank you in advance for your assistance. Should you have questions, please feel free to contact me at 505-827-3856.

Regards,

A handwritten signature in blue ink, appearing to read "Amelia Saiz".

Amelia Saiz  
Audit & Accounting Bureau Chief  
New Mexico Public Education Department

Cc: Paul Aguilar, Deputy Secretary of Finance and Operations  
David Craig, School Budget and Finance Director

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT  
Media Arts Collaborative Charter School  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2015

2015-001 Mileage Reimbursements – (Compliance)

**CONDITION:** For the year ended June 30, 2015, auditor noted that the School reimbursed employees for mileage at a rate of fifty-six and one-half cents per mile. Of the 9 travel items tested that included mileage reimbursements, 78% reimbursed a rate higher than the current statutory rate. Of these 9 items, the total excess reimbursed was \$190.44. However, auditor did note that all mileage reimbursements paid after May 2015, the month the school learned it was using the incorrect mileage reimbursement amount, were paid IAW state statute.

**CRITERIA:** NMAC 2.42.2.11 (B) (1) states public officers and employees of state agencies shall be reimbursed for mileage accrued in the use of a private automobile or aircraft in the official discharge of official duties as follows: "unless the secretary has reduced the rates set for mileage for any class of public officials and for employees of state agencies pursuant to Section 10-8-5 (D) NMSA, 80% of the internal revenue service standard mileage rate set January 1 of the previous year for each mile traveled in a privately owned vehicle."

**EFFECT:** The School is not in compliance with New Mexico State Statutes in regards to mileage reimbursement.

**CAUSE:** The School contends that it is a Local Public Body and not a State Agency. As a Local Public Body, the school contends that it may reimburse mileage at the full amount authorized by the IRS. The New Mexico Public Education Department (PED) has indicated to the auditors that charter schools chartered under PED are a component unit of PED and should reimburse mileage at the rate approved for a State Agency.

**RECOMMENDATION:** The School should reimburse mileage at 80% of the internal revenue service standard mileage rate set January 1 of the previous year for each mile traveled in a privately owned vehicle.

**MANAGEMENT RESPONSE:** The school has amended its policies to reflect mileage reimbursements at the required 80% rate.

Meadow Arts Collaborative Charter School					PEER-BENCHMARKING - FY 2015 CAP					
2015 OPERATIONAL ACTION PLAN (OAP)										
ISSUE NUMBER	PROBLEM STATEMENT	STRATEGIC GOALS	RESPONSIBLE PERSON	START DATE	DATE OF REVIEW (Initial follow-up)	NO. REPORTS (Score & Trend)	FOR REVIEW DATE	CORRECTIVE & PREVENTIVE MEASURES IMPLEMENTED	EFFECTIVENESS OF ACTION PLANS FOR RESOLUTION	OTHER NOTES/COMMENTS (Date provided, business process, reason, length of course, etc., pending action, etc.)
2015-001 (Self-Review)	For the year ended June 30, 2015, Meadow Arts Collaborative Charter School (Meadow Arts) was not in compliance with the requirements of the State of Michigan Public Employment Relations Act (PERA) and the Michigan Public Employment Relations Commission (MERC) regarding the filing of a grievance. The grievance was filed on July 1, 2015, and the grievance was resolved on July 1, 2015. The grievance was resolved on July 1, 2015, and the grievance was resolved on July 1, 2015. The grievance was resolved on July 1, 2015, and the grievance was resolved on July 1, 2015.	1) Review policies and procedures to determine if 80% of the applicable PERA filings are timely. 2) Notify relevant staff of new changes for filing grievances.	Business Manager (Christi Kelly) is responsible for all cases.	Completed in May 2015.						



June 28, 2016

Ms. Amelia Saiz  
New Mexico Public Education Department  
Audit & Accounting Bureau  
300 Don Gaspar Ave.  
Santa Fe, NM 87501

Dear Ms. Saiz,

Attached is a copy of our Travel and Per Diem Policy, a copy of an actual travel form from November of 2015 and our FY2015 finding in which the auditors noted that we began reimbursing at the proper rate as soon as we were made aware we were using the incorrect rate during the FY2014 audit in May of 2015.

If you need anything else, please feel free to contact me at [pkelly@nmmediaarts.org](mailto:pkelly@nmmediaarts.org). Thank you very much for your time and have a great 4<sup>th</sup> of July holiday.

Sincerely,

A handwritten signature in blue ink, appearing to read "Patrick Kelly", with a long, sweeping underline.

Patrick Kelly  
Business Manager  
Media Arts Collaborative Charter School





## Travel and Per Diem Policy

The Media Arts Collaborative Charter School will reimburse its employees and board members for travel expenses related to school activities by the following methods:

1. Reimbursement for mileage driven in excess of 50 miles round trip will be reimbursed at 80% of the IRS standard mileage rate set on January 1<sup>st</sup> of the previous year.
2. Employee expenses incurred for Conference fees, Travel and Lodging expenses, taxi or shuttle fees and any approved materials will be reimbursed at the actual cost to the employee with documented receipts.
3. Meal expenses will be reimbursed at the actual cost to the employee with documented receipts. Reimbursements will be in accordance with statutory rates not to exceed \$30 per day for in-state travel and \$45 per day for out-of-state travel.

*Media Arts Collaborative Charter School*  
**TRAVEL REIMBURSEMENT WORKSHEET - ACTUAL EXPENSES IN LIEU OF PER DIEM RATES**

I. EMPLOYEE: \_\_\_\_\_  
 II. CONFERENCE / MTS High Schools That Work - Taos High School  
 DESTINATION Taos, NM  
 DATES OF TRAVEL 11/30/15 8:00am TO 12/2/15 4:00pm

PO #	_____
FUND	<u>WFB</u> EMPLOYEE

**III. REIMBURSEMENT CALCULATION**

**MEALS**

LIST FULL 24-HOUR PERIODS (EXCLUDING EXTENDED STAY FOR PERSONAL REASONS):

Day / Date (from)	Time (from)	Date (to)	Time (to)	Days	Rate	MAX Allowed
1 11/30/2015	8:00am	11/18/2015	7:59am	1	\$30	\$30.00
2 12/1/2015	8:00am	11/19/2015	7:59am	1	\$30	\$30.00
3 12/2/2015	8:00am	11/19/2015	4:00pm	1	\$20	\$20.00
4					\$30	\$0.00
5					\$30	\$0.00
6					\$30	\$0.00
7					\$30	\$0.00

ITEMIZED RECEIPTS (B=Breakfast L=Lunch D=Dinner)

PERIOD	OUT-OF-POCKET						Total Receipts	MAX Reimb
	Receipt 1	Receipt 2	Receipt 3	Receipt 4	Receipt 5	Receipt 6		
PERIOD 1					23.26		\$23.26	\$23.26
PERIOD 2							\$0.00	\$0.00
PERIOD 3					19.47		\$19.47	\$19.47
PERIOD 4							\$0.00	\$0.00
PERIOD 5							\$0.00	\$0.00
PERIOD 6							\$0.00	\$0.00
PERIOD 7							\$0.00	\$0.00
<b>Total Receipts:</b>			\$0.00			42.73	\$42.73	\$42.73

\$42.73

MAX MEAL REIMBURSEMENT \$42.73

LESS: \$0.00

MEAL REIMBURSEMENT DUE TO EMPLOYEE OR REFUND DUE TO DISTRICT \$42.73

LODGING \$0.00

**TRANSPORTATION:**

Airfare				\$0.00
Bus/Shuttle/Taxi			\$ -	\$0.00
Car Rental				\$0.00
Personal Vehicle (80% of IRS Rate for Previous Year)		270	\$0.448	\$120.96

TOTAL TRANSPORTATION \$120.96

**OTHER TRAVEL EXPENSES:**

Parking				\$0.00
Registration Fees				\$0.00
Other (List) LUGGAGE				\$0.00

TOTAL OTHER TRAVEL EXPENSES \$0.00

TOTAL REIMBURSEMENT REQUEST \$163.69

**IV. DEDUCTIONS FOR UNALLOWED CHARGES OR MISSING RECEIPTS:**

1				
2				
3				
4				
5				
6				
7				
8				\$0.00

V. TOTAL REIMBURSEMENT TO EMPLOYEE OR REFUND DUE TO DISTRICT \$163.69