

Arizona State Board for Charter Schools Performance Audit and Sunset Review

Board has implemented several processes for overseeing charter holders' academic, financial, and operational performance, but its financial framework does not always identify charter holders' financial difficulties, which is necessary to hold charter holders accountable for meeting financial expectations and limiting the adverse effects of charter school closures on students and their families

Audit purpose

To determine whether the Board's financial framework effectively identifies charter holders' financial difficulties and assess whether the Board complied with statute, rule, and policy requirements for approving new and renewal charter applications and monitoring charter holders' performance using the Board's academic, financial, and operational frameworks. The audit also assessed the Board's compliance with the State's conflict-of-interest and open meeting laws and provides responses to the statutory sunset factors

Key findings

- The Board is responsible for overseeing most charter schools in Arizona and, consistent with statute, implemented frameworks to establish charter holders' and schools' academic, financial, and operational performance requirements. The Board monitors charter holders' and charter schools' compliance and performance through annual evaluations, interval reviews, and site visits, and can issue corrective and disciplinary action to address noncompliance or low performance.
- The Board complied with statute and rule requirements we reviewed for issuing new and renewal charters to qualified applicants, performing annual academic and operational performance evaluations of charter holders and charter schools, and performing most of its required site visits.
- The Board's financial framework may not identify some changes in student enrollment that could indicate a financial difficulty and most of its financial framework measures do not include multi-year assessments of charter holders' financial health, limiting its ability to identify and take actions to address poor financial performance, which is necessary to hold charter schools accountable and avoid adverse effects of charter school closures on students and their families.
- The Board lacked processes for periodically evaluating its fees and resolving complaints within 180 days and did not ensure all employees completed an annual conflict-of-interest form, as required by Board policy.

Key recommendations

The Board should:

- Modify its financial framework measures to ensure that it identifies substantial decreases in student enrollment and incorporates multi-year assessments to better identify charter holders' financial difficulties.
- Develop and implement policies and procedures for periodically evaluating its fees and resolving complaints within 180 days.
- Ensure all employees complete an annual conflict-of-interest form, as required by Board policy.