



Raquel Reedy
Superintendent

Office of Innovation and School Choice
APS Authorized Charter Schools

Deborah Elder
Executive Director

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Senior Director

April 1, 2019

Mary Tarango, Principal
Virginia Trujillo, Governing Council Chair
21st Century Public Academy
4300 Cutler Ave NE
Albuquerque, NM 87110

Dear Mrs. Tarango and Mrs. Trujillo:

This letter serves as the formal Notice of Unsatisfactory Performance for 21st Century Public Academy regarding the school's financial performance. Determination of the school's unsatisfactory performance results from the audit findings that are contained in the June 30, 2018, Audited Financial Statements.

Per Article 12 of the contract between Albuquerque Public Schools and 21st Century Public Academy, the authorizer shall issue a Formal Notice of Unsatisfactory Performance. In addition, the school is required to develop a Correction Action Plan (CAP), which addresses each of the audit findings outlined below. A sample CAP is enclosed.

21st Century Public Academy received 30 audit findings, including three for the Cutler Charitable Foundation. The findings include 1 significant deficiency and 13 material weakness classified findings. Below is a breakdown of the findings for FY18:

Findings that do not rise to the level of Significant Deficiency:

2018-004	Lack of Records
2018-005	Procurement Code
2018-006	Small Purchases
2018-008	Vendor Controls and Required IRS Forms
2018-009	Chief Procurement Officer
2018-010	Retiree Health Care timely payments
2018-011	Contingent Fee contract
2018-014	Lack of NM PED Approval Prior to Approving Lease Purchase Agreement
2018-015	Bylaws
2018-016	Lack of Due Diligence
2018-021	Improper Disposal of Capital Assets

Mission: *The APS Charter School Office empowers public school choice utilizing national authorizing best practices. The team builds strong relationships to support, monitor, and hold schools accountable for quality and innovative educational programs for all students.*

Vision: *The APS Charter School Office will be a model authorizer operating with integrity in collaborative systems that inspires innovative, effective, and financially stable public school choices for Albuquerque students.*

2018-024	4 th Quarter NMPED Reports
2018-025	Outdated Policies
2018-026	T&E Adjustments
2018-028	RHC and ERB Payments

Repeat Findings from previous year:

2018-023	Budgetary Conditions (previously report as 2017-003)
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Significant Deficiency Findings:

2018-029	Payroll Transactions
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Material Weakness Findings:

2018-003	Purchasing
2018-007	Internal Control over Financial Reporting
2018-012	Construction
2018-013	Construction Change-Order
2018-017	Fixed Assets
2018-018	Vendor Overpayment
2018-019	Journal Entries
2018-020	Prepayment of Invoices
2018-022	Request for Reimbursement
2018-027	Internal Control over Cash Receipts

The Cutler Charitable Foundation, a component unit of 21st Century Public Academy, received the following findings for FY18:

Material Weakness Findings:

2018-030	Financial Close and Reporting
2018-031	Lack of Internal Controls over Capital Assets
2018-032	Lack of Internal Controls over Long-Term Debt

Another financial concern is the Liquidity ratio on the June 30, 2018 Audited Financial Statements. Based on the Charter School Fiscal Performance and Viability Report, when the Operational Unrestricted Fund Balance is below one-half month (0.5) of the average Operational Expenditures for the year this results in a "Needs Monitoring" rating. 21st Century Public Academy has a negative 0.2 months for FY18. A school should have more than 0.5 months of cash on hand.

A CAP was submitted to APS on October 29, 2018 that must be updated with current status and identify specific action steps and timeframe for each audit finding. The school shall present the CAP at a meeting on April 22, 2019 at 10:00 a.m. This meeting will be held at 6400 Uptown Blvd. NE in the East Tower on the 6th Floor. Check in with the superintendent's receptionist upon arrival. Please send the CAP electronically to Joseph Escobedo, Senior Director, Office of Innovation and School Choice at Escobedo_J@aps.edu no later than April 12, 2019 by the close of business. This will allow the district to review the CAP prior to the meeting. The CAP must be approved by the district before monitoring will begin.

Because of the seriousness of this issue, the district requires that at least one member of the Governing Council be involved in all meetings regarding this issue until the district takes further action or the CAP is resolved.

The district will monitor the CAP until all matters are successfully resolved in specific deadlines or the district takes further action. As the authorizer of the school, the district will approve the CAP and then monitor the CAP. The district will offer assistance through the oversight of the CAP.

If you should have any immediate questions please contact me at 505-362-6847.

Sincerely,

A handwritten signature in black ink, appearing to read "Joseph D. Escobedo". The signature is fluid and cursive, with a long horizontal stroke at the end.

Joseph D. Escobedo, ED.D.

Senior Director

APS Office of Innovation and School Choice

Cc: Raquel, Reedy, Superintendent
Dr. Madelyn Serna Marmot, Assistant Superintendent of Equity, Instruction and Support
Deborah Elder, Executive Director of Innovation and School Choice
Judy Bergs, Manager of Charter School Business
APS Board of Education
21st Century Public Academy Governing Council