

Proposed Findings of Fact
NCDPI
Office of Charter Schools

Children's Village Academy 54A
APPEAL BEFORE THE STATE BOARD OF EDUCATION

Unless otherwise noted, attachment references are the documents found [here](#) and which were presented at the May 6, 2024 Charter Schools Review Board public meeting.

Livestream recordings of the Charter Schools Review Board meetings referenced herein can be accessed [here](#).

1. Children's Village Academy ("CVA") is a charter school operating in Lenoir County and serving grades K-8 with a current Charter Agreement effective date of July 1, 2017. CVA's original charter application was effective July 1, 1997.
2. The charter for CVA contained several binding provisions, including the following:

Grounds for termination

§26.1 – "The SBE may terminate this Charter on any of the following grounds:

- a. Failure to meet the requirements for student performance;
- b. Failure to meet generally accepted standards of fiscal management;
- c. Violation of law;
- d. Material violation of any of the conditions, standards, or procedures set forth in the Charter;
- e. Two-thirds of the faculty and instructional support personnel at the Public Charter School request termination or nonrenewal; or
- f. Other good cause warranting nonrenewal or termination."

3. The Charter Agreement is due to expire June 30, 2024.
4. NC General Statute requires the Charter Schools Review Board ("Review Board") to review the operations (including the meeting of academic, financial, and governance standards) of each charter school prior to the expiration of its charter and to renew the charter up to a period of ten years, or not renew.

§ 115C-218.6. Review and renewal of charters.

(a) The Review Board shall review the operations of each charter school at least once prior to the expiration of its charter to ensure that the school is meeting the expected academic, financial, and governance standards.

(b) The Review Board shall renew a charter upon the request of the chartering entity for subsequent periods of 10 years, unless one of the following applies:

(1) The charter school has not provided financially sound audits for the immediately preceding three years.

(2) The charter school's student academic outcomes for the immediately preceding three years have not been comparable to the academic outcomes of students in the local school administrative unit in which the charter school is located. For purposes of this section, if a school's charter results in it providing services to certain targeted subgroups, the school's academic performance shall be judged in comparison to the academic outcomes of students in the same subgroups in the local school administrative unit where the school is located.

(3) The charter school is not, at the time of the request for renewal of the charter, substantially in compliance with State law, federal law, the school's own bylaws, or the provisions set forth in its charter granted by the Review Board.

If one of the conditions set forth in subdivisions (1) through (3) of this subsection applies, then the Review Board may renew the charter for a period of less than 10 years or not renew the charter. (2016-79, s. 1.2; 2023-107, s. 1(c); 2023-110, s. 1(e).)

5. The Renewal Process for each charter school takes place over a period of two years and begins with the submission of a letter of intent to renew and a Self-Study. This requirement is outlined in NC Administrative Code.
6. CVA submitted the letter of intent to renew on July 8, 2022.
7. CVA submitted its Renewal Self-Study on November 28, 2022.
8. A renewal visit from the Office of Charter Schools (OCS) took place at the school on May 3, 2023. Consultants Jenna Cook and Melanie Rackley attended on behalf of the OCS.

9. The renewal visit consisted of a tour of the school, brief classroom observations, and multiple interview groups including staff, board members, administration and parents.
10. The renewal interview with board and administration was attended by only two board members; one attended in person, the other attended virtually.
11. The renewal visit feedback from OCS included, but was not limited to, the following notes:
 - a. Board consider adopting a formal evaluation tool for the school's administrator as a best practice.
 - b. Board consider yearly governance training for all members. During the visit, it was concerning that the Board Chair wasn't able to speak to board related items such as the board's bylaws, the general format of a board meeting, or procedures such as closed session. Additionally, consider adding Board Strengthening Exercises to scheduled meetings throughout the year.
 - c. Verify the school's policies specify that you may not accept employees or volunteers from the SBE revoked license list pursuant to section 16.5 of the Charter Agreement.
 - d. Update the school's website with approved board meeting minutes.
 - e. Ensure that the website explicitly states the exact date, time and location of board meetings.
12. Following the Renewal Self-Study and site visit/interviews, OCS staff began the process of compiling data to present to the Review Board during the renewal review of CVA.
13. On October 6, 2023, CVA was sent, via email, a request to report on the school's status academically, financially, and operationally at the regularly scheduled November meeting of the Review Board. This presentation is required of all renewal schools which do not qualify statutorily for a ten-year renewal. Within the invitation to present at the November meeting, it was requested that "...the board of directors and administration of CVA attend..." Additional guidance given on the presentation also stated, "The school leader and board chair should conduct the presentation. It is recommended that a majority of the board is also present. Additional school staff may also attend."

14. At the [November 7, 2023, regularly scheduled Review Board meeting](#) Jenna Cook, OCS Consultant, presented the school's academic history. The academic history of CVA included the following data (See Attachment 01):

- 2019 School Performance Grade = F
- 2022 School Performance Grade = D
- 2023 School Performance Grade = D
- 2019 Academic Growth = Did not meet
- 2022 Academic Growth = Met Growth
- 2023 Academic Growth = Met Growth
- The school is continually low-performing.
- 2019 Grade Level Proficiency = 32%
- 2022 Grade Level Proficiency = 40.7%
- 2023 Grade Level Proficiency = 37.8%
- 2019 Academic Comparability to LEA = -16%
- 2022 Academic Comparability to LEA = +1%
- 2023 Academic Comparability to LEA = -4%

15. Ms. Cook presented the school's compliance history. She stated the North Carolina Department of Public Instruction's (NCDPI) Office of Federal Programs had requested additional documentation and will give a report in December.

16. Ms. Cook presented the school's financial standing. She stated NCDPI's School Business Services had requested additional documentation and will give a full report in December.

17. CVA's Principal, Ms. Jessica Jones presented the school's presentation to the Review Board. The Review Board then had a chance to ask questions of the school and its board. The Head of School did most of the speaking during the presentation. (See Attachment 02)

18. At the December 12, 2023, regularly scheduled Review Board meeting NCDPI Federal Programs staff presented findings related to CVA and the 21st Century Community Learning Centers Grant (hereinafter referred to as "21st Century Grant"). Several areas of non-compliance were noted and questions from the Review Board were addressed. (See Attachment 03)

19. At the December 12, 2023, regularly scheduled Review Board meeting Ms. Pask presented [findings](#) related to a fiscal review of CVA's Summer Mini Grant

program. Several areas of concern were identified related to expenditures and questions from the Review Board were addressed.

20. The Review Board then directed questions to Ms. Jones. Mr. Friend asked about internal controls for writing checks. Ms. Jones shared that the Program Director and Finance Director handle all checks and she does not receive reimbursements or invoices related to 21st Century Grants.
21. Ms. Shirley McFadden from School Business presented [findings](#) related to allegations received from the State Auditor and other allegations reported directly to NCDPI in which a CVA board member misused 21st Century Grant funds for personal use. Ms. McFadden shared the findings and recommendations and questions from the Review Board were addressed. (See Attachments 07, 08, 09)
22. On December 18, 2023, CVA was placed on Governance Noncompliance Cautionary Status for the following non-compliance conditions aligned to 16 NCAC 06G .0506 (See Attachment 11) :
 - a. (1) Failure of the board to conduct meetings in accordance with schedule in the bylaws or the approved charter application and failure to adopt and follow policies regarding the operation of the charter school including Personnel, Disciplinary, and Parental Grievance policies.
 - b. (4) Bylaws violations including, failure to follow the Open Meetings Law, failure to maintain Public Records, failure to implement a Conflict of Interest Policy, failure to adhere to rules of Parliamentary Procedure.
23. On January 3, 2024, Ms. Cook notified Ms. Jones and Ms. Troublefield (CVA Board Chair) via email, that based on the compliance and financial data presented at the December Review Board meeting, OCS was moving CVA's Renewal Placement to a Non-Renew or Assumption.
24. At the [January 8, 2024, regularly scheduled Review Board meeting](#) Ms. Cook informed Review Board members that after reviewing all relevant documents, OCS notified CVA of a change in OCS recommendation for renewal from a 3-year renewal to a Non-Renewal Placement due to (1) material violations of any of the conditions, standards, or procedures set forth in the charter and (2) failure to meet generally accepted standards of fiscal management.
25. In a letter dated January 17, 2024, CVA responded to being placed on Governance Noncompliance. The school acknowledged that school documents,

including board meeting minutes, were damaged in two severe floods in previous years. The school also committed to implement corrective measures such as revising school board policies, providing board training on policies, signing annual verification of review of conflict of interest and nepotism policies, and ensuring all minutes are posted on the school's website in an orderly manner. (See Attachment 12)

26. The Review Board and OCS received a letter dated February 2, 2024 from CVA addressing key issues and corrective actions related to NCDPI findings shared with the Review Board in December 2023 (See Attachment 16).

27. At the February 5, 2024, regularly scheduled Review Board meeting Susan Brigman, NCDPI Section Chief, Specialty Programs presented an update regarding CVA. Questions from the Review Board were addressed. (See Attachments 13, 14)

28. Ms. Jones and Mr. McCaffery, representative from McCaffery Accounting Solutions, presented information regarding outstanding loans. Mr. McCaffery outlined the new loan agreement and Ms. Jones stated CVA will continue to partner with Mr. McCaffery's firm to improve financial processes. Mr. Harper, Board Treasurer, noted the board has a commitment to "fixing their financial house". Ms. Jones then addressed concerns related to governance and questions from the Review Board were addressed. (See Attachment 15)

29. On March 15, 2024, OCS removed CVA from Governance Noncompliance Cautionary Status with stipulations, including ensuring all meeting minutes were posted to the school's website in a timely manner. (See Attachment 17)

30. March 26, 2024 a Settlement Agreement was entered into by and between CVA and the NCDPI related to the NCDPI findings outlined in the February 5, 2024 letter. (See Attachment 21)

31. The Review Board and OCS received a letter from CVA dated April 3, 2024 to assure the Review Board and OCS that the school has implemented nearly all NCDPI recommendations. Included were specific action steps taken to rectify concerns. (See Attachment 20)

32. At the [April 8, 2024, regularly scheduled Review Board meeting](#) Ms. Cook reviewed the academic information for CVA and noted there were federal

programs and school business reports previously for financial noncompliance. Ms. Brigman from federal programs provided an update regarding CVA including a settlement related to the Fiscal Desk Review. Questions from the Review Board were addressed. Ms. Shirley McFadden then provided an update from School Business stating CVA is running at a deficit, has very little cash on-hand, and had a drop in ADM. Questions from the Review Board were addressed including concerns about whether CVA would be able to repay the State. The Review Board decided to move the vote on CVA's renewal to the May meeting to allow the school and board to attend and be able to answer questions. (See Attachment 18)

33. Following the April 8, 2024 CSRB meeting, NCDPI was made aware of additional allegations at CVA which prompted both School Business and Federal Programs to conduct unannounced site visits at the school.
34. On May 3, 2024, Shirley McFadden, NCDPI School Business, sent a letter to Ms. Wilma Troublefield, CVA Board Chair, and Jessica Jones, CVA Principal, outlining allegations received in April 2024. Key Findings were outlined and required CVA actions were shared. These findings included: non-compliance with FMLA (Family and Medical Leave Act), FLSA (Fair Labor Standards Act) and IRS regulations; employee's status improperly changed to independent contractors, and ineligible contractors on NC State Health Plan. (See Attachment 24)
35. At the May 6, 2024, regularly scheduled Review Board meeting Ms. Cook presented information to the Review Board which provided a timeline of compliance concerns known to OCS (See Attachment 25). They are as follows:
 1. October 2023- OCS was made aware that both Federal and School Business had requested more information from the school concerning compliance with those programs.
 2. December 2023- Federal Programs presented their findings with the 21st Century Grant program at CVA to the Review Board.
 3. December 2023- School Business presented findings from their investigations for the reports given to both the Office of the State Auditor and directly to NCDPI.
 4. December 2023- CVA was placed on Governance Non-Compliance Cautionary Status following failed requests for historical board minutes from OCS.
 5. February 2024- Federal Programs issued two letters with unresolved findings for both the 21st CCLC program and the Summer Mini Grant

program. The questioned costs totaled \$162,597.91. (Later settled to repay \$152,050.13)

6. March 2024- CVA was removed from Governance Non-Compliance by OCS in regards to compliance with Board Meeting minutes.

Questions from the Review Board were addressed.

7. April 2024- NCDPI was made aware of additional allegations concerning CVA and subsequently both Federal Programs and School Business conducted site visits with findings.

36. On May 6, 2024, at the regularly scheduled Review Board meeting Ms. Susan Brigman, Section Chief- Specialty Programs, reviewed FY23 21st Century Summer Mini Grant (SMG) Requirements, timeline and compliance issues related to CVA. Findings from FY23 SMG Program Monitoring for Indicators 1.2, 1.3 and 3.1 have been unable to be resolved after correspondence requesting additional documentation dated 8/14/23 from the initial report and findings letter and follow-up emails requesting and receiving additional documentation on 9/6/23, 9/28/23, and 10/25/23. (See Attachment 25)

37. Ms. Brigman then shared an update related to the comprehensive program monitoring review. March 14th CVA received a closing letter as all programmatic findings related to the Comprehensive Program Monitoring Review (C-PMR) had been addressed. However, the fiscal findings remain unresolved.

38. Ms. Brigman addressed findings from an unannounced visit on April 9, 2024 which continued to show issues with CCLC program attendance documentation and minimum operating hours not being met. NCDPI Program Director Wendy Buck walked Ms. Jones and Ms. Powell from CVA through the process for documenting attendance. Another unannounced visit on April 16, 2024 revealed additional issues with attendance management by someone who is no longer employed with CVA. Additionally, concerns were noted regarding the length of the school day and noncompliance with after school snack distribution.

39. Ms. Brigman then shared the FY23 21st CCLC SMG- Fiscal Timeline which is as follows:

1. Fiscal Review of 2023 SMG during the week of September 18, 2023.
2. Initial review was of July 2023 expenditures only.
3. Follow-up letter #1 sent on October 16, 2023.
4. Follow-up letter #2 sent on November 14, 2023.
5. Findings with questioned costs letter sent on December 1, 2023.
6. Final follow-up letter was issued on February 5, 2024.

7. Additional findings in the final letter issued February 5, 2024.
8. CVA appealed NCDPI's final action, and a hearing was scheduled for March 28, 2024.
9. Prior to the March 28th hearing, a Settlement Agreement was executed on March 26, 2024.

Questions from the Review Board were addressed.

40. On May 6, 2024 at the regularly scheduled Review Board meeting Ms. Shirley McFadden, Business Systems and Internal Control Operations Manager, School Business presented a summary of key findings and follow-up regarding CVA. (See Attachment 26). They are as follows:

1. Allegations were received at NCDPI in April 2024 where some staff were paid via 1099 status.
2. Two independent contractors enrolled in NC State Health Plan.
3. A CVA Board Member misused 21st Century Grant funds for personal use.
4. NCDPI received allegations through OSA regarding conflict of interest.
5. Draft of Governance and School Board Policies dated January 2024 were submitted by CVA and address a definition of financial interest.
6. Draft 21st Century financial policies and procedures address conflict of interest at the purchasing level for staff and board members. However, conflict of interest is not addressed in regular financial policies and procedures.
7. Understated liabilities resulting in misstated financial statements.
8. Inadequate documentation for a loan from a Board Member.
9. Inadequate documentation to substantiate start-up cost treatment.
10. Invalid voting procedures followed related to a conflict of interest.
11. Unallowable costs charged to State and Federal funds.
12. Utility bills paid for property outside contract rental dates.
13. Unallowable costs - Red flag indicators of fraud, waste, or abuse.
14. Ineffective internal control structure.

Questions from the Review Board were addressed.

41. On May 6, 2024, CVA was permitted to present to the Review Board at which time they shared resolutions of NCDPI recommendations, their end-of-year operational plan, and repayment of amount owed to NCDPI in installments. Questions from the Review Board were addressed. (See Attachment 27)

42. The Review Board discussed the renewal term and unanimously voted to nonrenew the charter.
43. The Review Board's decision to nonrenew is consistent with N.C.G.S. § 115C-218.6 which states the "State Board may renew the charter for a period of less than 10 years or not renew the charter" if a charter school does not meet the criteria for a 10 year renewal term.
44. The Review Board's decision to nonrenew is consistent with N.C.G.S. § 115C-218.95 which allows the State Board to terminate, not renew, or seek applicants to assume a school's charter if any of the following apply:
- (1) Failure to meet the requirements for student performance contained in the charter;
 - (2) Failure to meet generally accepted standards of fiscal management;
 - (3) Violations of law;
 - (4) Material violation of any of the conditions, standards, or procedures set forth in the charter;
 - (5) Two-thirds of the faculty and instructional support personnel at the school request that the charter be terminated or not renewed;
 - (6) Other good cause identified.
45. Additionally, "[i]f a charter school is continually low-performing, the [SBE] is authorized to terminate, not renew, or seek applicants to assume the charter through a competitive bid process established by the [SBE]." N.C.G.S. § 115C-218.95(b1).
46. The charter is set to expire June 30, 2024, which would allow the students opportunity to complete the current school year as well as all end of grade state testing.