

MEMORANDUM

To: Public Education Commission (PEC)

From: Charter Schools Division (CSD)

Date: April 17, 2025

Re: CSD Memo re Hózhó Academy Response to FY2024 Audit

Finding 1: The school states all issues will be addressed and corrected, but has not provided detail on the improved processes. There are “double checks” of trial balances and bank reconciliations, but it is unclear if the business manager and head administrator, or the governing council (GC) finance committee is responsible. The response includes review of all submitted requests for reimbursement (RfRs) monthly, but how will unspent funds be avoided if only submitted RfRs are reviewed; how will the school ensure RfRs are submitted timely for all funds? CSD recommends providing as documentation: process document showing who conducts the checks that take place; updated asset list and depreciation schedule; list of all pre-paid expenses.

Finding 2: This finding resulted from expenditures made for transportation which will not be required in FY2025. CSD agrees with the school that the finding is not likely to repeat. Review FY2025 audit to see if finding is repeated.

Finding 3: This finding resulted from expenditures made for student meals in excess of reimbursements. The school is moving to an in-house food program in FY2026, which will decrease costs.

Finding 4: Review FY2025 audit to see if finding is repeated.

Finding 5: CSD recommends providing a process document showing how, when, and by whom steps are taken by the school payroll office, business management office, and head administrator to ensure documentation in staff files. CSD will review staff files at the site visit later this month.

Finding 6: Does the GC request back-up documentation for random transactions to ensure purchase orders are in place? If so, is this outlined in a policies and processes document? Has staff training been provided regarding procurement procedures?

Finding 7: CSD requests that the school clarify the explanation and proposed correction for this finding at the PEC meeting. The audit report refers to deposits not made within 24 hours. The school explanation concerns the Ed Fellows program. With a better understanding of the circumstances around this finding, CSD will be able to better evaluate the school’s assurance that this has been addressed and requires no corrective action.

Finding 8: This finding resulted from expenditures made for transportation which will not be required in FY2025. CSD agrees with the school that the finding is not likely to repeat.