

AGENDA ITEM EXECUTIVE SUMMARY

- I. Public Education Commission Meeting Date: June 15, 2017
- II. Item Title: DISCUSSION AND POSSIBLE ACTION ON PED RECOMMENDATION TO COMMENCE REVOCATION PROCEEDINGS FOR DZIL DITL'OOI SCHOOL OF EMPOWERMENT, ACTION AND PERSEVERANCE BECAUSE OF LEGAL NON-COMPLIANCE, LACK OF APPROPRIATE FISCAL MANAGEMENT AND OTHER CONCERNS ABOUT SCHOOL OPERATIONS
- III. Executive Summary and Proposed Motions:

During the Spring Budget Workshop, a former business manager for Dzil Ditol'OOi School Of Empowerment, Action And Perseverance (DEAP) approached a PED member and reported concerns about the financial management at the school. The concerns were reported to the PED and the PED School Budget and Financial Analysis Bureau began communicating with the business manager.

Based on the reports in the attached affidavits, the PED Audit Bureau and the PED School Budget and Financial Analysis Bureau conducted an unannounced audit of the school. The report from that visit is attached to this recommendation. The PED School Budget and Financial Analysis Bureau Director did provide notice to the school that access to the school bank accounts and all check signing authority was to be immediately transferred to the school's licensed administrator and business manager. That action was taken, however on June 5th, after the school's Technical Budget Review, we received notification from the business manager that she was resigning her position.

The affidavits raise the following concerns:

- The licensed Head Administrator has reported that she is “principal ‘in name only”
- The licensed Head Administrator appears to be supervised by, and is given directives by an unlicensed employee of the school
- The same unlicensed employee makes all budget decisions, staffing decisions, and operational decisions – effectively administering in a public school without an administrative

license

- The unlicensed employee may have changed the description of work for federal time and labor reporting on a federal grant after the original report was rejected by the licensed business manager because the work did not comply with the terms of the grant
- The licensed Head Administrator reported that the school “implemented a policy of shredding all receipts”
- The unlicensed employee, when told that federal grant proceeds could not be used for personnel, directed the business manager to violate the terms of the grant and “ask for forgiveness later”
- The unlicensed employee has ignored the directions of the business manager in relation to proper procurement processes and as a result purchases have been made by the school in violation of the state’s procurement code
- The school’s business manager resigned after three months due to concerns about the schools failure to follow her directive to ensure compliance with state and federal law

In FY 16, the school’s first year of operation, the school received four audit findings:

- **Internal controls and Accounts Payable (Significant deficiency)**

Condition: During accounts payable test work, we noted \$6,373 in unrecorded liabilities as of June 30, 2016.

Criteria: Based on the Schools Financial Policies and Procedures, “A system of authorization and recording procedures to ensure that all transactions are properly approved and recorded.”

Effect: The School is not in compliance with internal policies and procedures.

Cause: Proper internal controls were not in place to ensure that all liabilities were recorded at the fiscal year-end.

Recommendation: Ensure that all liabilities are recorded at the fiscal year end.

Management's Response: At the end of the fiscal year the Business Manager who knew how to prepare these entries resigned and her replacement did not know how to make these entries. We now have an experienced school Business Manager to mentor our Business Manager and help with these year-end entries. This will be corrected by the Business Manager for the year ended June 30, 2017.

- **Procurement (Compliance)**

Condition: The School does not have a chief procurement officer.

Criteria: NMSA 13-1-95.2 states "On or before January 1, 2015, the state purchasing agent shall establish a certification program for chief procurement officers that includes initial certification and recertification every two years for all chief procurement officers. In order to be recertified, a chief procurement officer shall pass a recertification examination approved by the secretary of general services."

Effect: The School is not in compliance with NMSA 13-1-95.2.

Cause: Due to the size of the School, it's difficult to find an individual with available time to go through the certification process.

Recommendation: Ensure an individual from the School or associated with the School completes the certification program for chief procurement officers.

Management's Response: The Executive Director is responsible to ensure a trained chief procurement officer is chosen by January 2017

- **Audit Committee Structure (Compliance)**

Condition: During our testing of the audit committee requirements, we noted that the audit committee did not include a parent volunteer.

Criteria: NMAC 22.8.12.3 states “Except as otherwise provided in this section, each local school board shall appoint an audit committee that consists of two board members, one volunteer member who is a parent of a student attending that school district and one volunteer member who has experience in accounting or financial matters. The superintendent and the school district business manager shall serve as ex-officio members of the committee. A local school board with more than five members may appoint more than two board members to its audit committee.”

Effect: The School is not in compliance with NMAC 22.8.12.3.

Cause: DEAP has been unsuccessful in recruiting a board member with the required experience.

Recommendation: Ensure that audit committee requirements are followed as to the composition of the audit committee members.

Management’s Response: DEAP has made efforts to recruit a parent volunteer to serve on the Audit Committee, but it has been difficult to identify a parent willing to do so and even more difficult to find a parent volunteer with the required experience to serve on such Committee. However, the Executive Director is responsible for recruiting a parent volunteer by the quarter ended March 31, 2017.

- **Excess of Expenditures over Budget (Compliance)**

Condition: The School has expenditure functions where actual expenditures exceeded budgetary authority:

Operational:

Instruction \$4,552

Central Services \$471

Food Service Operations \$25,622

Criteria: Per NMAC 6.20.2.9 (A) every school district shall follow budget requirements stated in Sections 22-8-5 through 22-8-12.2, NMSA 1978, and procedures of the department in preparing, submitting, maintaining and reporting budgetary information. Budgetary control shall be at the function level. Over expenditure of a function shall not be allowed.

Effect: The School expenditures in the above functions exceeded the total approved budgeted expenditures by \$30,645.

Cause: Budgetary controls were not in place to adequately monitor and regularly compare budget to actual results. As a result, measures were not taken to avoid or minimize the amount that actual expenditures exceeded the approved budget.

Recommendation: Budget adjustment requests should be presented to and approved by PED before expending funds in excess of budget. Controls should be implemented to ensure that budgeted amounts are compared to actual on a regular basis and the budget effectively utilized for controlling expenses and managing cash flow.

Management's Response: While the budget by Fund was not exceeded, the Function budget was exceeded. At the end of each quarter, the Business Manager will look closely at budget vs. actual spending and prepare any BARs needed to adjust the budget.

The report from the PED's School Budget and Financial Analysis Bureau and Audit Bureau raise the following concerns:

- The Director of Operations, Prestene Garnenez, does not have appropriate licensure or authorization to perform the following actions, which the site visit team confirmed she is performing:
 - Acting as head administrator—making all decisions regarding operations and incurring expenditures without documentation, reviews, or approvals
 - Acting as school official with signatory authority in MOUs

- Making budget and staffing decisions
- Processing financial transactions in a manner that does not ensure appropriate segregation of duties
- Processing timesheets without appropriate segregation of duties and without verification of appropriate funding sources
- Implementing a policy of shredding all receipts
- Applying grant proceeds related to Native American education to personnel costs
- Making purchases without documentation justifying cost, purchase requisitions or purchase orders—in direct violation of the state’s procurement code
- DEAP is not staffed with appropriately licensed staff to conduct the responsibilities of a Business Manager. The school has had six business managers since opening in 2015, and does not currently have a licensed business manager. As a result, DEAP’s governing body is not qualified to act as a board of finance.
- Dr. Jennie Jimenez, the school’s licensed administrator, is not fully engaged in the operations of the school and takes direction from Prestene Garnenez
- There is a lack of supporting documentation for most of the \$256,385.53 of expenditures incurred from the date the school started operations in 2015 through 2017
- There is no documentation to support donated revenues
- There is no evidence that food purchases have complied with USDA guidelines
- Reconciliations have not been made on general ledger accounts, as required
- There has been no corrective action taken to address four audit findings disclosed in the 2016 annual audit

In December 2016 and in January 2017 this school was included on the PEC’s agenda at the request of the PED’s School Budget and Financial Analysis bureau because the school had failed to timely submit financial data and reporting as required. No action was taken by the Commission at that time.

Recommendation: The PED recommends that the PEC hold a revocation hearing to determine if there is sufficient and just cause to revoke the charter

of Dził Dítł'OOi School Of Empowerment, Action And Perseverance because the school committed a material violation of any of the conditions, standards or procedures set forth in the charter contract; failed to meet generally accepted standards of fiscal management; or violated any provision of law from which the charter school was not specifically exempted.



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GOVERNOR

Via Email and US Mail

June 9, 2017

Dr. Jennie Jimenez, Head Administrator
Dzil Dit Looi School of Empowerment, Action and Perseverance (DEAP)
PO Box 156
Navajo, NM 87328

Dear Dr. Jimenez,

The Public Education Department (PED) audit bureau performed a review of the design and implementation of financial internal controls for FY 2016 and 2017 at DEAP charter school. Results of the review and recommendations are attached.

Should you have any questions about the review, please call me at (505) 827-3856.

Best regards,

A blue ink signature of Amelia 'Molly' Salz, written in a cursive style.

Amelia "Molly" Salz
Audit & Accounting Bureau Chief

A blue ink signature of Hipolito 'Paul' Aguilar, written in a cursive style.

Hipolito "Paul" Aguilar
Deputy Director Finance and Operations

cc: David Craig, Director, School Budget and Finance Analysis Bureau
Katie Poulos, Director, Options for Parents and Families
Michael Chavez, Deputy Director, Student Nutrition
Matthew Montano, Educator Quality Division

REVIEW OF DZIL DIT LOOI SCHOOL OF EMPOWERMENT ACTION AND PERSEVERANCE (DEAP)

FINANCIAL RECORDS AND STUDENT FILES FOR FISCAL YEARS 2016 AND 2017

Purpose:

To follow up on allegations stated in an email addressed from the Native American Community Academy (NACA) former Business Manager for DEAP (Ms. Donna Overson) to Ms. Kara Bobroff (NACA Executive Director) dated March 31, 2017 and two affidavits signed by Ms. Kay Girdner (NACA Finance Director) dated April 21, 2017 and Ms. Donna Overson dated April 21, 2017.

The following specific allegations were identified in the email and the two signed affidavits:

- DEAP's Director of Operations (Ms. Prestene Garnenez) altered time and labor reports that show inappropriate labor costs charged to federal grants;
- DEAP's Head Administrator (Dr. Jennie Jimenez) stated to both NACA's Business Managers (Ms. Kay Girdner, and Ms. Donna Overson) the following:
 - She was DEAP's principle "in name only" and signed whatever documents the Director of Operations (Ms. Prestene Garnenez) instructed her to sign.
 - She had no role in decisions made about DEAP's operations and did not want any role in said decisions.
 - Ms. Prestene Garnenez would be responsible for all staffing decisions.
 - Ms. Prestene Garnenez would be responsible for all budget decisions; and Ms. Prestene Garnenez did not want to hire a head administrator and only did so because New Mexico PED required the school to have a licensed head administrator.
- DEAP's Head Administrator (Dr. Jennie Jimenez) stated that DEAP had implemented a policy of shredding all receipts.
- Ms. Donna Overson, NACA's Business Manager for DEAP, witnessed Ms. Kay Girdner, NACA Finance Director send Ms. Prestene Garnenez an email addressing the inappropriateness of using federal grant proceeds related to Native American education for personnel. Ms. Prestene Garnenez responded to this message by instructing Ms. Overson to pay for the personnel out of the grant and "ask for forgiveness later".
- Ms. Donna Overson, NACA's Business Manager for DEAP, instructed DEAP personnel including Ms. Prestene Garnenez on proper internal controls related to purchasing,

including the use of purchase requisitions and purchase orders as they relate to the procurement code.

- Ms. Donna Overson, NACA's Business Manager for DEAP, provided instructions regarding proper procurement processes which were routinely ignored by Ms. Prestene Garnenez and other staff at DEAP. Purchases were made without a purchase requisition and/or purchase order in violation of PSAB Supplements 2 and 13 that identify specific requirements regarding internal controls and for documenting and processing purchases and the state's procurement code.
- Ms. Donna Overson, NACA Business Manager for DEAP, resigned as DEAP's Business Manager after three months due to concerns about how the school was operating independently and not adhering to Ms. Overson's instructions on how to comply with requirements of state and federal laws. The resignation notice was part of the message sent to Ms. Kara Bobroff, NACA's Executive Director dated March 31, 2017.

In addition to the allegations identified above, the PED Budget Director disclosed that he was informed that the administration of the school operations was being performed by someone without a licensure.

As part of our review, we obtained the following to address compliance of DEAP operations;

- Memorandums of Understanding (MOUs) between NACA Inspired School Network and DEAP; and
- state and federal regulations regarding accountability of federal and grant funds to include appropriate use of federal and state funds for specific purposes.

Validation Approach:

Two site visits were made to the DEAP Charter School on April 19 and 20, 2017 and one site visit to NACA's Campus in Albuquerque on May 10 and 11, 2017 to obtain financial information and documentation regarding revenues and expenditures generated by DEAP for their two years of existence (SY 2015 -2016 and SY 2016-2017) operations.

Our review focused on reviewing DEAP's financial records and student files to determine compliance with specific New Mexico Administrative Code (NMAC), New Mexico Manual of Procedures for Public School Accounting and Budgeting, and PSAB Supplement 2 and 13 that identify specific requirements regarding internal controls and for the purchasing transaction process.

Our analysis was based on reviewing and validating amounts identified in the following documents:

- vendor files;
- personnel contract files;
- board meeting notes;
- student files;
- current audit findings that remain open and incomplete corrective actions as of the date of our review;
- other files obtained from the DEAP School during a site visit on April 24, 2017 ;
- images of checks provided by Ms. Prestene Garnenez;
- listing of checks issued and general ledger provided by Ms. Kay Girdner; and
- A number of excel spreadsheets generated to validate the deposits in the bank, revenue and expenditure postings in the general ledger and documentation used as support for these various transactions.

Site Visits:

The PED Budget and Audit staff met with the following DEAP staff during the two different site visits:

➤ **DEAP Participants during site visit on April 24 and 25, 2017 at the DEAP School:**

- David Craig, Budget Director, PED (on site on April 24, 2017)
- Dan O. Romero, Audit Supervisor, PED (on site on April 24 and 25, 2017)
- Diego Sisneros, Auditor, PED (on site on April 24 and 25, 2017)
- Dr. Jennie Jimenez, Charter Head Master, DEAP
- Ms. Prestene Garnenez, Director of Operations, DEAP
- Ms. Kayla Dawn Begay, Director of Curriculum, DEAP

As part of the site visit to the school, all student files currently enrolled (24) were reviewed to verify that the following documents existed for each student enrolled in DEAP:

- Birth certificate and/or proof of age;
- Valid registration form;
- Assessment data;
- Report cards/transcripts;
- Former student's records;
- Enrollment and attendance records;
- Withdrawal date; and
- Medical records.

It was noted that one student was from Fort Defiance, Arizona however, the student withdrew before the 40th day.

During PED's onsite visit, the Training and Experience (T&E) Report was reviewed and there was one exception noted due to not being able to validate one year of experience for one teacher of the two teachers reported in the T&E Report submitted to PED. This exception had no impact on the T&E Index factor.

➤ **DEAP Participants during site visit on May 10 and 11, 2017 at the NACA School in Albuquerque:**

- Dan O. Romero, Audit Supervisor, PED (on site on May 10 and 11, 2017)
- Diego Sisneros, Auditor, PED (on site on May 11, 2017)
- Ms. Kay Girdner, Finance Director (505) 266-0992 X.1042
- Ms. Donna Overson, Business Manager DEAP (505) 266-0992 X.1051

MAJOR CONCERN NEEDING IMMEDIATE ATTENTION

Concerns of DEAP Operations:

The following is a major concern needing immediate attention and observations were made that directly correspond to the allegations made in two affidavits signed by NACA's Finance and Business Managers providing financial support to the DEAP School. Financial and operational information was obtained during both site visits, having discussions with management regarding the processing of financial information for the school, obtaining explanations to the school's financial operations from the various individuals involved with the school's financial operations, and validating the allegations made in two affidavits signed by Ms. Kay Girdner (NACA's Finance Director) and Ms. Donna Overson (NACA's DEAP Business Manager).

The director of operations at the DEAP School (Ms. Prestene S. Garnenez) as alleged by two NACA employees (NACA Finance Director, Ms. Kay Girdner and NACA Business Manager for DEAP, Ms. Donna Overson) in signed affidavits and confirmed during the onsite visit to the school continues to perform the following without appropriate authorization and/or licensure:

- **Acting as the head administrator of the school by making all decisions regarding operations and incurring expenditures without appropriate documentation, reviews and approvals.**
- **Identified as school official with signatory authority in MOUs.**
- **Making budget and staffing decisions.**
- **Processing more than one of the three transaction components (authorization, custody, and record keeping) that go against the concept of the control activity of an internal control environment that promotes the principle of checks and balances in the workplace.**

- ***As stated in PSAB Supplement 13 page 5 "The preparation and execution of a duly authorized purchase order must precede the placement of any order for goods, services or construction." "Any person who purposefully places an order for goods, services or construction without a duly authorized order may be held personally liable for payment of delivered items and may be subject to the penalty stipulations of the Procurement Code. The procedures detailed herein provide guidelines for ensuring that purchase transactions are appropriate, valid and legally binding."***
- **Processing time sheets (time and labor worksheets) for payroll without having someone else review the time charged to the various funding sources to assure appropriate classification of costs (to include making inappropriate changes to time sheets even though advised by the NACA Business Manager (Ms. Donna Overson) not to make such changes because of work time charged to incorrect funds.**
- **Implementation of a policy to shred all receipts.**
- **Applying Federal grant proceeds related to Native American education used to cover personnel costs.**
- **Purchases made without documentation justifying most reasonable cost, purchase requisitions or purchase orders in direct violation of the state's procurement code.**
- **DEAP's Director of Operations, Ms. Prestene Garnenez, does not hold an administrative license.**

Staff at DEAP School

- **DEAP staff (Ms. Prestene Garnenez, Director of Operations for DEAP) does not have the required licensure to perform duties as a Business Manager to ensure that the following are being met:**
 - **the requirements of the Financial System of Accounting, Internal Control Structure and Procedures as updated in February 17, 2015 and approved by DEAP General Council on March 17, 2015, and**
 - **processing of financial records and generation of financial reports per PSAB Supplement 2, Internal Controls and PSAB Supplement 13, Purchasing and state procurement requirements.**
- **Dr. Jennie Jimenez is the Head Administrator for DEAP. Dr. Jimenez is not fully engaged in the operations and as stated in affidavits and email correspondence, does what the director of operations (Ms. Prestene S. Garnenez) directs her to do.**

Purchase, Procurement and USDA Violations

- Review of all the vendor files that DEAP maintained, disclosed lack of required supporting documentation for most of the \$256,385.53 of expenditures incurred from the date the school started operations in 2015 through 2017. (See work paper binder section I. that contains an excel spreadsheet listing of vendor files that make up the expenditures for the two years of operation).
- No documentation to support donated amounts made to the school.
- No evidence that food purchases complied with USDA guidelines.

Reimbursements for Food Purchases for DEAP

A listing of purchases made as identified in the files obtained from the school disclosed a total of \$27,819.26 for food and other items. There is no documentation to show proof that the school obtained the most reasonable cost, no requisitions and/or purchase orders.

The documents found in DEAP's files for reimbursement requests for food purchases did not have proof of the following:

- documentation to support reimbursements made for meals provided to DEAP students are in compliance with USDA requirements,
- record keeping supporting reimbursement claims,
- maintaining the requirements as outlined by the Nutrition Program,
- written food safety program,
- completion of academic and training standards for administering the school nutrition program.

Reconciliations and Verifications of General Ledger Accounts and Other Financial Information

- Expenditures reported in the general ledger were generated by a former Business Manager reviewing bank statements to try to classify the expenditures based on checks cashed and cleared as listed in bank statements.
- Lack of reconciliations performed for all general ledger accounts for each individual fiscal year except for some bank reconciliations as explained by Ms. Donna Overson completed in September or October of 2016 and January through March 2017 before she resigned as the Business Manager for DEAP. As of March 31, 2017, the cash balance in the bank was \$138,330.52 and the amount in the cash report was \$124,378.51 resulting in a difference of \$13,952.01, representsing outstanding checks and liabilities.

Financial Reports with noted issues

- Lack of documentation to provide evidence that reconciliations of asset and liability accounts to include balances transferred from one software system (APTA software used from beginning of DEAP's operations through December 2016) to another ABILA Software used from January 2017 to Present) to account for all transactions completed during school years 2015 and 2016.

Unresolved Audit Findings

Our review disclosed that there has been no corrective action taken to address four findings disclosed in the 2016 annual audit.

NACA Network Support to DEAP

- NACA Network financial support is questionable regarding appropriate oversight and financial assistance of financial operations and documentation for the DEAP operations.
- Special concern is the support provided by two of NACA's staff which included the Finance Director and Business Managers (Ms. Kay Girdner, and Ms. Donna Overson), who supported DEAP until Ms. Overson resigned from being DEAP's Business Manager on March 31, 2017. These two NACA officials signed affidavits that address specific concerns regarding the administration and operation of DEAP by the current staff (Dr. Jennie Jimenez, Prestene Garnenez and Ms. Kayla Dawn Begay). Ms. Donna Overson's stated the following in her signed affidavit:
 - "Among other instructions, I instructed school personnel, including Prestene Garnenez, on proper internal controls related to purchasing, including the use of purchase requisitions and purchase orders as they relate to the procurement code".
 - "My instructions regarding proper procurement processes were routinely ignored by Prestene Garnenez and other at DEAP while I was the third party business manager, and purchases were made without a purchase requisition or purchase order in violation of the state's procurement code".
 - "I resigned from DEAP after three months due to concerns about the school operating independently of my instructions to comply with

elements of state and federal law, and I sent an email to Kara Bobroff stating these facts on March 31, 2017”.

- MOUs provided were not signed by appropriate officials and there were no provisions regarding financial matters to include the types of financial reports required to be generated, types of documentation to maintain in support of financial reports and parties to review and approve financial and operational reports to include specific oversight responsibilities from the Governing Council.

DEAP continues to operate without a Business Manager

DEAP has had six business managers since opening in 2015 and currently does not have one to oversee its financial operations. The current staff is not qualified to perform the duties and responsibilities of a business manager. The absence of a business manager does not provide assurance that the financial reporting, to include appropriate processing of documentation for purchases, are in compliance with the state procurement code, state statutes and PSAB requirements.

In addition, the lack of not having a reliable general ledger that provides the transaction history and current balance of each account places the school at high risk for fraud, waste, and abuse.

DEAP has incurred expenditures without appropriate documentation and used specific funds for inappropriate expenditures. The lack of not performing reconciliations of accounts, including not being able to determine the actual cash on hand, a lack of segregation of duties in the performance of financial transactions, and a lack internal controls, increases the risk factor that funding and purchasing activities will be mismanaged.

Conclusion:

Without a business manager to provide assurance that financial operations are accurately stated in its general ledger and based on the review and analysis performed by PED, there is a lack of an internal control framework that exists to provide the following:

- sound financial records
- a balanced budget
- records maintenance and safeguards to provide assurance that appropriate staff is administering the operation of the school;
- assets and resources are safeguarded against fraud, waste and abuse; and
- that all purchasing and procurement requirements are meeting the specific Federal and State requirements and statutes.

Recommendation:

As a result of our review of the financial records and reports, and observations made at the school, we found major concerns that raise questions regarding the school operations.

Therefore, we recommend the following actions be taken;

- Hire a Business Manager to perform reconciliations of all general ledger accounts, review all supporting documentation for payrolls generated and for all expenditures incurred. Provide evidence on results of reconciliations completed and of the review performed.
- Create and enter the appropriate journal entries into the accounting software.
- Analyze the budget and adjust/suspend spending in order to balance the budget and obtain an understanding of the school's cash position.
- Hire a Chief Procurement Officer to ensure that the procurement and purchasing activities are performed as prescribed by the state's procurement code and PSAB requirements.
- Obtain an independent auditor to perform an audit of DEAP's financial operations.
- Obtain an independent assessment of DEAP's compliance and implementation of its charter requirements and implementation and validity of the MOU(s) in place with the NACA network.

The table presented in the next page provides a recap of the concerns, violations of regulations and/or requirements and current status of each concern.

Recap's of DEAPs Operations for 2015-2017

Concern	Subject Matter	Regulation Criteria	Repeated and/or current operating status
Incomplete Audit Committee Structure	DEAP charter does not meet requirements for an audit committee	NMAC 22.8.12.3	YES (in audit report)
Internal Controls and Accounts Payable	Lack of segregation of duties and Payables with improper or utilizing a non existent purchasing system	NMAC 22.8.12.3	YES (in audit report)
	(ie Pos Issued after payment.)		
No Chief Procurement Officer	no state purchasing agent assigned to charter	NMSA 13-1-95.2	YES (in audit report)
Non-existent business manager licensure	DEAP has no licensed business official	NMAC 6.63.12.8	YES
in adequate purchasing system	setup of a proper purchasing system	NMSA 13-1-30 and PSAB 13	YES
Purchase Requisitions do not have quotes	DEAP policy mandates that quotes		
	are put on Purchase Requisition	DEAP policy	ONGOING
conflict of DEAP Policy vs PSAB 13 page 8	DEAP policy allows for oral quotes		
	above 20,000 but PSAB 13 page 8 does not	PSAB 13 Page 8	CURRENT
Unsigned contracts	pertaining to contract signatures	PSAB 18	CURRENT
Not utilizing transportation FY 16 Grant	pertaining to authority to revoke or reallocate transportation money	NMSA 22-8-26	CURRENT
USDA infractions	pertaining to claim of reimbursement record keeping requirements	7 CFR 2.10.8 (5)	CURRENT
USDA infractions	LEA requirement on maintain the requirements of the Nutrition Program	7 CFR 210.11 (2b2)	CURRENT
USDA infractions	pertains to written food safety program	7 CFR 210.13c	CURRENT
USDA infractions	pertaining to academic and training standards for administrating the School nutrition program	7 CFR 210.30	CURRENT
USDA infractions	Material failure of procedures may lead to suspension of the program	7 CFR PART 210 and part 25	CURRENT

Poulos, Katie, PED

From: Saiz, Amelia, PED
Sent: Monday, June 05, 2017 11:45 AM
To: Poulos, Katie, PED; Aguilar, Paul J, PED
Subject: FW: DEAP

FYI

From: Chavez, Veronica, PED
Sent: Monday, June 05, 2017 11:43 AM
To: Saiz, Amelia, PED
Subject: FW: DEAP

FYI

Veronica M. Chavez
Executive Budget Analyst Senior
NM Public Education Department
School Budget & Finance Analysis Bureau
300 Don Gaspar, Rm 229
Santa Fe, NM 87501
Phone: (505)827-3855
Fax: (505)827-9931

From: Charlotte Archuleta [<mailto:Archuleta97@outlook.com>]
Sent: Monday, June 05, 2017 11:26 AM
To: Craig, David, PED
Cc: Chavez, Veronica, PED; Jimenez, Jennie
Subject: DEAP

Hi David,

I just got off the phone with Jennie Jimenez and informed her that I would like to resign as the business manager for the DEAP charter school. I do not believe it would be possible for me to complete the PED's request to recreate the year in the time frame required. I suggested they contact Michael Vigil. He has a staff that probably would be able to complete the request. I informed Jennie that she should not approve any purchases until the actual cash is determined. I told her I would help the Vigil Group with any information that I could provide. Please call or email me if you have any questions.

Thank You,
Charlotte Archuleta
Business Manager/CPO
(505) 450-1415

AFFIDAVIT

State of New Mexico)
) ss.
County of Bernalillo)

I, **Kay Girdner**, being of lawful age and being first duly sworn upon my oath, state:

1. I currently reside in the County of Bernalillo, in the State of New Mexico. I am currently employed by **Native American Community Academy (NACA)**, a charter school, as a **business manager**.
2. At all times relevant to the statements made in this affidavit, I was employed by NACA. In my capacity as an employee of NACA, I was and am responsible for the charter school's business and financial operations, including but not limited to: budgeting, accounting and receipt and disbursement of the charter school's revenues.
3. As part of my duties in working as a business manager for NACA, I advise two other business managers associated with the non-profit "NACA-Inspired Schools Network", which works with the New Mexico charter school Dzit Dit Lool School of Empowerment, Action and Perseverance (DEAP).
4. While advising and working with the business manager for DEAP, Ms. Donna Overson, I was present on March 29, 2017 when the head administrator for DEAP, Jennie Jimenez stated that:
 - a.) she (Jimenez) was principal "in name only";
 - b.) she (Jimenez) signed whatever documents Prestene Garnenez instructed her to sign;
 - c.) she (Jimenez) had no role in decisions made about DEAP's operations and did not want any role in said decisions;
 - d.) Prestene Garnenez would be responsible for all staffing decisions;
 - e.) Prestene Garnenez would be responsible for all budget decisions; and
 - f.) Prestene Garnenez did not want to hire a head administrator and only did so because New Mexico Public Education Department required the school to have a licensed head administrator.
5. I have attended one governing council meeting for DEAP and at that meeting witnessed Prestene Garnenez take a leadership role for DEAP's operations. During my involvement with DEAP, it was my understanding that Prestene Garnenez was the primary point of contact for DEAP's financial matters.

6. In my role as a consultant and advisor to DEAP's former business manager, Donna Overson, I was included in an email dated March 31, 2017, stating that Prestene Garnenez changed the description of work for federal time and labor reporting on a federal grant after a timesheet was rejected by Ms. Overson, the DEAP business official, in the following way: After timesheets for Lane Franklin that coded time and labor reporting initially for AmeriCorps training were rejected by Ms. Overson, with notes that these were not covered under the applicable grant, the timesheets were resubmitted with AmeriCorps training removed and replaced with the description "travel to Albuquerque".

Date: 4/21/2017

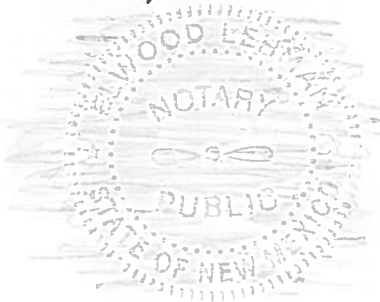
Kay Birdner
{signature of affiant}

Subscribed and sworn to before me by {name of affiant}, this 21 day of April, 2017.


NOTARY PUBLIC

My Commission Expires:

May 27, 2020



AFFIDAVIT

State of New Mexico)
) ss.
County of Torrance)

I, **Donna Overson**, being of lawful age and being first duly sworn upon my oath, state:

1. I currently reside in the County of Torrance, in the State of New Mexico. I am currently employed as a business manager by **Native American Community Academy Inspired Schools Network (NACA-ISN)**, a non-profit that provides third party administrator financial services to two charter schools, Dzit Dit Lool School of Empowerment, Action and Perseverance (DEAP) and Six Directions Indigenous Charter School..
2. At all times relevant to the statements made in this affidavit, I was employed by NACA-ISN, and in some instances was acting as Dzit Dit Lool School of Empowerment, Action and Perseverance's (DEAP's) third party business manager. In my capacity as an employee of NACA-ISN, providing services to, DEAP, I was one of the persons involved in DEAP's business and financial operations, including budgeting, accounting and receipt and disbursement of DEAP's revenues, based upon the information provided to me by DEAP.
3. While acting as the third party business manager for DEAP, I was present when the head administrator for DEAP, Jennie Jimenez stated that:
 - a.) she (Jimenez) was principal "in name only";
 - b.) she (Jimenez) signed whatever documents Prestene Garnenez instructed her to sign;
 - c.) she (Jimenez) had no role in decisions made about DEAP's operations and did not want any role in said decisions;
 - d.) Prestene Garnenez would be responsible for all staffing decisions;
 - e.) Prestene Garnenez would be responsible for all budget decisions; and
 - f.) Prestene Garnenez did not want to hire a head administrator and only did so because New Mexico Public Education Department required the school to have a licensed head administrator.
4. I was present in person for one governing council meeting and on the phone for two such meetings and during those times witnessed Prestene Garnenez take a leadership role for DEAP's operations.

5. I saw Prestene Garnenez change the description of work on a timesheet for federal time and labor reporting on a federal grant after I had rejected this timesheet because the work described did not comply with terms of the grant. When I rejected these timesheets, which were for Lane Franklin for AmeriCorps training, I provided Prestene Garnenez with the explanation for my rejection: namely that the coded time and labor did not comply with the terms of the applicable grant. These timesheets were then resubmitted by Prestene Garnenz with AmeriCorps training removed by whiteout and replaced with the description "travel to Albuquerque".
6. I was present when Jennie Jimenez stated that DEAP had implemented a policy of shredding all receipts.
7. I was present when Kay Girdner sent Prestene Garnenez an email that federal grant proceeds related to Native American education could not be used for personnel. Ms. Garnenez instructed me to pay for the personal out of the grant and "ask for forgiveness later".
8. Among other instructions, I instructed school personnel, including Prestene Garnenez, on proper internal controls related to purchasing, including the use of purchase requisitions and purchase orders as they relate to the procurement code.
9. My instructions regarding proper procurement processes were routinely ignored by Prestene Garnenez and others at DEAP while I was the third party business manager, and purchases were made without a purchase requisition or purchase order in violation of the state's procurement code.
10. I resigned from DEAP after three months due to concerns about the school operating independently of my instructions to comply with elements of state and federal law, and I sent an email to Kara Bobroff stating these facts on March 31, 2017.

Date: 4-21-2017

Donna J. Overton
{signature of affiant}

Subscribed and sworn to before me by {name of affiant}, this 21 day of April, 2017.


NOTARY PUBLIC

My Commission Expires:

May 27, 2020

NACA Inspired Schools Network

Supervisor:

Prestene Garnenez

Period:

03/06/2017

03/19/2017

Member: Lane Franklin **Site:**

DZIL DITL?OOI SCHOOL OF EMPOWERENT,
ACTION AND PERSEVERANCE

Approved: 3/21/2017
9:04:41 AM

Approve/Review Timesheets

Day	Fundraising	Training	Service	Total Hours
		Training	Direct Service	
Mon Mar 6	0	0	0	0
Tue Mar 7	0	0	0	0
Wed Mar 8	0	0	6	6
Thu Mar 9	0	0	0	0
Fri Mar 10	0	0	8.5	8.5
Sat Mar 11	0	0	0	0
Sun Mar 12	0	0	0	0
Mon Mar 13	0	0	0	0
Tue Mar 14	0	0	4	4
Wed Mar 15	0	0	5	5
Thu Mar 16	0	0	0	0
Fri Mar 17	0	0	0	0
Sat Mar 18	0	0	0	0
Sun Mar 19	0	0	0	0
Totals:	0	0	23.5	23.5
Comments: (no comments)				

Americorps Member: Lane Franklin

Site Supervisor 1: Prestene Garnenez

Site Supervisor 2:

Site Supervisor 3:

Site Supervisor 4:

Submitted: 3/20/2017
5:06:51 PM

Approved: 3/21/2017 9:04:41 AM

Approved:

Approved:

Approved:

Period: 03/06/2017 - 03/19/2017

NACA Inspired Schools Network

Supervisor: Prestene Garnenez **Period:** 02/20/2017 - 03/05/2017
Member: Lane Franklin **Site:** DZIL DITL?OOI SCHOOL OF EMPOWERMENT, ACTION AND PERSEVERANCE **Approved:** 3/6/2017 11:33:10 AM

Approve/Review Timesheets

Day	Fundraising	Training	Service	Total Hours
		Training	Direct Service	
Mon Feb 20	0	0	8.5	8.5
Tue Feb 21	0	0	4	4
Wed Feb 22	0	0	1	1
Thu Feb 23	0	0	0	0
Fri Feb 24	0	0	0	0
Sat Feb 25	0	0	0	0
Sun Feb 26	0	0	0	0
Mon Feb 27	0	0	8	8
Tue Feb 28	0	0	0	0
Wed Mar 1	0	0	5.5	5.5
Thu Mar 2	0	0	9	9
Fri Mar 3	0	0	7.5	7.5
Sat Mar 4	0	0	0	0
Sun Mar 5	0	0	0	0
Totals:	0	0	43.5	43.5
Comments: (no comments)				

Americorps Member: Lane Franklin **Site Supervisor 1:** Prestene Garnenez **Site Supervisor 2:** **Site Supervisor 3:** **Site Supervisor 4:**
Submitted: 3/6/2017 11:17:04 AM **Approved:** 3/6/2017 11:33:10 AM **Approved:** **Approved:** **Approved:**
Period: 02/20/2017 - 03/05/2017



Dził Dítł'ooi School of Empowerment, Action and Perseverance

P.O. Box 156
Navajo, New Mexico 87328
(505)777-2053

Staff Name:

Lane Franklin

Week Beginning

Mar 1

Week Ending

Mar 30

Date	Start Time	Finish Time	Break Hours	General Description of work performed
3/2	8:00 AM	5:00 PM	1 hour	Assisted in development of DEAP Open House Recruitment
3/3	8:00 AM	12:00 PM	0 hour	Communicated w/ organization for upcoming school event.
3/6	8:00 AM	5:00 PM	1 hour	Assisted w/ PU training and activities for DEAP+Navajo High School.
3/9	8:00 AM	5:00 PM	1 hour	Organized event w/ NNSOP to do summer bridge program
3/10	8:00 AM	12:00 PM	0 hour	Initiated contact w/ workshop to get bulk seeds
3/13	8:00 AM	5:00 PM	1 hour	Assisted in PU activities w/ fire modeling
3/16	8:00 AM	5:00 PM	1 hour	Worked on Diego Benches Event for agriculture
3/17	8:00 AM	12:00 PM	0 hour	Communicated w/ Fish on upcoming American events
3/20	8:00 AM	5:00 PM	1 hour	Assisted in PU activities w/ kids on hiking preparation
3/23	8:00 AM	5:00 PM	1 hour	Attended Ameri-Grip Summit Event for day 1
3/24	8:00 AM	12:00 PM	0 hour	Attended Ameri-Grip Summit Event for day 2
3/27	9:00 AM	6:00 PM	1 hour	NNEP - Project Venture Training in Bernillo, NM. Day 2
3/28	8:30 AM	5:30 PM	1 hour	NNEP - Project Venture Training in Bernillo, NM. Day 3
3/30	8:00 AM	12:00 PM	0 hour	NNEP - PU Training in Bernillo, NM. Day 4.
Total		92		

Employee's Signature:

Lane Franklin

Supervisor's Signature:

[Signature]

Date:

3/30/17

Date:

3/30/17



Dził Dítł'ool School of Empowerment, Action and Perseverance

P.O. Box 156

Navajo, New Mexico 87328

(505)777-2053

Staff Name:

Lane Franklin

Week Beginning

Mar 1

Week Ending

Mar 30

Date	Start Time	Finish Time	Break Hours	General Description of work performed
3/2	8:00 AM	5:00 PM	1 hour	Assisted in development of DEAP Open House Recruitment
3/3	8:00 AM	12:00 PM	0 hour	Communicated w/ organization for upcoming school event.
3/6	8:00 AM	5:00 PM	1 hour	Assisted w/ PU training and activities for DEAP+Navajo Mid School.
3/9	8:00 AM	5:00 PM	1 hour	Organized event w/ NNEDS to do summer bridge program
3/10	8:00 AM	12:00 PM	0 hour	Initiated contact w/ workshop to get bulk seats
3/13	8:00 AM	5:00 PM	1 hour	Assisted in PU activities w/ fin meeting
3/16	8:00 AM	5:00 PM	1 hour	Worked on Diego Benches Event for agriculture
3/17	8:00 AM	12:00 PM	0 hour	Communicated w/ 3rd on upcoming Americas events
3/20	8:00 AM	5:00 PM	1 hour	Assisted in PU activities w/ kids on hiking preparation
3/21	8:00 AM	5:00 PM	1 hour	Collaborated w/ various organizations for spring event.
3/22	8:00 AM	12:00 PM	0 hour	Travelled to ASD for Agriculture Conference - networked
3/27	9:00 AM	6:00 PM	1 hour	NNED - Project Venture Training in Bernillo, NM. Day 2
3/28	8:30 AM	5:30 PM	1 hour	NNED - Project Venture Training in Bernillo, NM. Day 3
3/30	8:00 AM	12:00 PM	0 hour	NNED - PU Training in Bernillo, NM. Day 4
Total	92			

Employee's Signature:

Lane Franklin

Date: 3/30/17

Supervisor's Signature:

[Signature]

Date: 3/30/17



Lane Franklin

Feb 20

Week Ending

Feb. 28

Date	Start Time	Finish Time	Break Hours	General Description of work performed
2/20	8:00 AM	5:00 PM	1 hour	Collaborated w/ other organization for upcoming school events
2/21				
2/22				
2/23	8:00 AM	5:00 PM	1 hour	Spoke w/ Navajo Forestry to establish use of wind-chopper
2/24	8:00 AM	12:00 PM	0	Helped Clair assemble visit bundles for Grandparent's Day.
2/25				
2/26				
2/27	8:00 AM	5:00 PM	1 hour	Assisted with Project Venter activities due w/ fire-walking.
2/28				
Total				

Leon Franklin

Date: 2/28/17

James H

Date: 2/28/11

From: girdner@nacaschool.org [<mailto:girdner@nacaschool.org>]
Sent: Wednesday, April 19, 2017 12:17 PM
To: Craig, David, PED
Cc: Bobroff, Kara
Subject: [FWD: DEAP]

David,

Here is the email you asked me to forward when you called today. I will give Kara your cell number when I meet with her this afternoon.

Kay Girdner, Finance Director
DEAP, Six Directions Indigenous School, and
Native American Community Academy
1000 Indian School Rd NW
Albuquerque, NM 87104
Phone: 505-266-0992 X.1042
Fax: 505-266-2905

----- Original Message -----

Subject: DEAP
From: Donna Overson <donna@nacainspiredschoolsnetwork.org>
Date: Fri, March 31, 2017 2:00 pm
To: kbobroff@nacaschool.org

Hi Kara,

After meeting with the Principal (Jennie Jimenez) of DEAP and after having Prestene Garnenez change the description of work performed on a federal grant timesheet I can no longer work as DEAP's business manager.

Jennie told both Kay Girdner and myself that she is Principal in name only. She signs whatever papers Prestene tells her to sign and she has nothing to do with the making decisions about the running of the school nor does she want to. I reminded her that Principals are in charge of staffing and she corrected me and said Prestene is in charge of all staffing decisions. She also told us that Prestene would make the budget decisions. Jennie stated that Prestene did not want to hire a principal and only did so because PED required the school to have one.

When I received the timesheets for Lane Franklin I noticed that on more than one day it stated AmeriCorps training. When I emailed Prestene to let her know that the grant could not pay for this she then changed the description to "travel to Albuquerque". I believe that Prestene does not want a business manager and I'm only there because PED requires her to have one.

I also believe that there are no checks and balances at DEAP. This opens the door for situations to happen that can lead to investigation and possible closure. State and Federal regulations are put in place for a reason and it doesn't seem to me that there is a commitment to follow them. Recently she asked me to spend Federal funds that were not in line with the Grant and when I told her it didn't meet the terms of the Grant she instructed us to do it anyway. (we have not complied with her direction)

Bottom line is there must be trust between a business manager and administration and I don't feel there is any.

I will be glad to complete the quarterly reports but I'm sorry I cannot continue with the daily finances of this school.

Sincerely, Donna Overson

Donna Overson

Business Manager

Dzil Diti School of Empowerment, Action & Perseverance

And

Six Directions Indigenous School

505-266-0992 Ext. 1051

donna@nacainspiredschoolsnetwork.org

From: girdner@nacaschool.org [<mailto:girdner@nacaschool.org>]

Sent: Wednesday, April 19, 2017 12:21 PM

To: Craig, David, PED

Cc: Bobroff, Kara

Subject: [FWD: RE: DEAP Budget Draft 1]

David,

You will see in the email below, 2nd paragraph, that I explained to Prestene that I would not be able to serve as DEAP's Business Manager.

Kay Girdner, Finance Director
DEAP, Six Directions Indigenous School, and
Native American Community Academy
1000 Indian School Rd NW
Albuquerque, NM 87104
Phone: 505-266-0992 X.1042
Fax: 505-266-2905

----- Original Message -----

Subject: RE: DEAP Budget Draft 1

From: <girdner@nacaschool.org>

Date: Tue, April 18, 2017 1:07 pm

To: "Prestene Garnenez" <pgarnenez@deapschool.org>

Cc: "Kara Bobroff" <kbobroff@nacaschool.org>, "Alan Brauer"

<alan@nacainspiredschoolsnetwork.org>

Hello Prestene,

I have entered formulas for employee benefits so as you change Wages/Salaries the ERB, Retiree Healthcare, FICA, etc. should change too. I also added some notes and entered amounts you should budget for Lease and Prop/Liab Insurance. I don't know what your SEG will be but I imagine Pam Bowker has sent your 910B-5 worksheet by now.

Last week when we texted you said you would like for me to return to being your Business Manager since Donna resigned. I am glad to know we have a good working relationship but I must let you know I can't take on that additional work; I have so many responsibilities that I already work 9-10 hr/day on average plus at least one Saturday every month. A different solution will have to be found. I need to reduce the number of hours I work while still being a resource for each School's Business Manager.

Kay Girdner, Finance Director
DEAP, Six Directions Indigenous School, and
Native American Community Academy
1000 Indian School Rd NW
Albuquerque, NM 87104
Phone: 505-266-0992 X.1042
Fax: 505-266-2905

----- Original Message -----

Subject: DEAP Budget Draft 1

From: Prestene Garnenez <pgarnenez@deapschool.org>

Date: Fri, April 07, 2017 1:40 pm

To: "donna@nacainspiredschoolsnetwork.org

donna@nacainspiredschoolsnetwork.org"

<donna@nacainspiredschoolsnetwork.org>, Kay Girdner

<girdner@nacaschool.org>

Donna and Kay,

Please find attached Draft 1 of the 2017-2018 Budget. This budget reflects input from our GC Budget Committee, the GC as a whole, and our DEAP Leadership Team. I need your assistance in determining the benefits for staff. When I changed the overall numbers for staff salaries, I noticed the benefits don't change. I think with the addition of benefits the figure will go up over the projected cost of \$268K. But, if you can estimate those calculations for benefits so we can take a look at it again that would be appreciated. We will the meet to see where costs will be cut again.

Thank you.

--

Prestene S. Garnenez

Director of Operations

Dzil Ditl'ooi School of Empowerment, Action and Perseverance

P.O. Box 156

Navajo, New Mexico 87328

T: (505) 777-2053

F: (505) 777-2054

E: pgarnenez@deapschool.org

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