



State of Arizona
Department of Education

Arizona Charter Schools Program (AZ CSP) Charter School Closure Procedures for Awarded Schools Rev, 7/6/2017	
<ul style="list-style-type: none">• Monitoring for Closure	
<ul style="list-style-type: none">○ ADE appointed staff attends monthly public meetings and monitors the minutes of the Arizona State Board for Charter School (ASBCS) proceedings for charter authorization status of awarded schools.○ As part of its regular monitoring of AZ CSP awarded charter schools, the monitor reviews the school’s authorization status.○ If the school is closing or will have its charter revoked, the AZ CSP unit will request a copy from the authorizer of the Consent Agreement between the charter school and its authorizer.	
<ul style="list-style-type: none">• Charter Surrender Procedure:	
<ul style="list-style-type: none">○ An Arizona charter school that intends to close its operation must send a School Closure Notification to its authorizer who in turn drafts a Surrender Agreement between the charter school and its authorizer.	
<ul style="list-style-type: none">○ That Consent Agreement for Voluntary Surrender and Termination of the Charter Contract is used for schools that chose to close and for schools closed by their authorizer. The Agreement becomes the terms and conditions for the closure of the school.	
<ul style="list-style-type: none">○ The following statement is a standard stipulation in the surrender agreement:<ul style="list-style-type: none">▪ “The Charter Operator agrees to refund any overpayment of state equalization assistance funds in the amount determined by the Arizona Department of Education in the manner directed by the Arizona Department of Education.”▪ “The Charter Operator agrees to submit any outstanding grant reports and to refund any outstanding grant monies or allocations of education funds to the Arizona Department of Education in a manner directed by the Arizona Department of Education.”	
<ul style="list-style-type: none">○ The following statements regarding student records are standard	

stipulations in the Surrender Agreement:

- “The Charter Operator shall mail a complete copy of each student’s educational record to the student’s parent or legal guardian.”
- “The Charter Operator shall notify the Board of the location of the student records.”
- “The Charter Operator agrees that all necessary student level data has been submitted to the Arizona Department of Education through the Student Accountability Information System.”

- For schools which are surrendering their charter and have residual inventory and supplies exceeding \$5,000 in total aggregate fair market value that must be repaid to the Arizona Department of Education, the AZ CSP unit shall create a Consent Agreement for Repayment. AZ CSP shall inform the school through its Attorney of all relevant information necessary to draw up the Consent Agreement for Repayment. The AZ CSP attorney cannot legally advise the closing or closed school. Each Consent Agreement for Repayment is unique to that school. The ADE Deputy Superintendent shall sign for Agency.

- AZ CSP will collect a copy of all school closure documents of a subrecipient, including the “School Closure Notification” document, and the “Consent Agreement for Voluntary Surrender and Termination of the Charter Contract” documentation from the school’s authorizer.
- In the case of charter schools that have been sponsored by state approved authorizers other than the ASBCS, AZ CSP shall obtain all information and documentation of the charter school’s assets purchased with Federal CSP funds and the Disposition of these assets from its authorizer.

- Disposition of assets, residual inventory or supplies exceeding \$5,000 in total aggregate fair market value.

- Charter schools which close after the AZ CSP grant has been completed shall align the closeout of the grant with the procedures described in 34 CFR § 200.343 and .344.

- Charter schools which close during a period when the AZ CSP grant is

active shall be subject to 34 CFR § 200.439 Equipment and other capital expenditures.

“e) Disposition. When original or replacement equipment acquired under a grant or subgrant is no longer needed for the original project or program or for other activities currently or previously supported by a Federal agency, disposition of the equipment will be made as follows:

(1) Items of equipment with a current per-unit fair market value of less than \$5,000 may be retained, sold or otherwise disposed of with no further obligation to the awarding agency.

(2) Items of equipment with a current per unit fair market value in excess of \$5,000 may be retained or sold and the awarding agency shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by the awarding agency's share of the equipment.

(3) In cases where a grantee or subrecipient fails to take appropriate disposition actions, the awarding agency may direct the grantee or subrecipient to take excess and disposition actions.”

and § 200.314 Supplies

See also §200.453 Materials and supplies costs, including costs of computing devices.

“(a) Title to supplies will vest in the non-Federal entity upon acquisition. If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project or program and the supplies are not needed for any other Federal award, the non-Federal entity must retain the supplies for use on other activities or sell them, but must, in either case, compensate the Federal government for its share. The amount of compensation must be computed in the same manner as for equipment. See §200.313 Equipment, paragraph (e)(2) for the

calculation methodology.

- Consent Agreement for Repayment

- The ADE appointed Attorney shall create the Consent Agreement for Repayment including signature by both parties. AZ CSP through its Attorney shall provide the school all relevant state and federal regulations regulating repayment. Each Consent Agreement for Repayment between ADE and the school is unique to that school. The AZ CSP Attorney cannot legally advise the school. If the school disputes the Consent Agreement for Repayment, it has the ability to appeal per Arizona Administrative Code. If the school refuses the Consent Agreement for repayment, nonpayment of the consent agreement will result in a collections order issued and managed by the state Attorney General.

- Schools with fund balances in their bank accounts will return the balance by check to ADE with the accompanying *ADE Accounting & Grants Management – Return of Monies Form*.

- Post-closeout adjustments and continuing responsibilities.

- 34 CFR § 200.344

“(a) The closeout of a Federal award does not affect any of the following:

(1) The right of the Federal awarding agency or pass-through entity to disallow costs and recover funds on the basis of a later audit or other review. The Federal awarding agency or pass-through entity must make any cost disallowance determination and notify the non-Federal entity within the record retention period.

(2) The obligation of the non-Federal entity to return any funds due as a result of later refunds, corrections, or other transactions including final indirect cost rate adjustments.

(3) Audit requirements in Subpart F—Audit Requirements of this part.

(4) Property management and disposition requirements in Subpart D—Post Federal Award Requirements of this part, §200.310 Insurance Coverage through 200.316 Property trust relationship.

(5) Records retention as required in Subpart D—Post Federal Award Requirements of this part, §200.333 Retention requirements for records through §200.337 Restrictions on public access to records.

(b) After closeout of the Federal award, a relationship created under

the Federal award may be modified or ended in whole or in part with the consent of the Federal awarding agency or pass-through entity and the non-Federal entity, provided the responsibilities of the non-Federal entity referred to in paragraph (a) of this section, including those for property management as applicable, are considered and provisions made for continuing responsibilities of the non-Federal entity, as appropriate.”

- Due Diligence:

- As part of the normal, comprehensive monitoring procedure, the AZ CSP Project Director conducts at least one on-site review employing the AZ CSP Monitoring Handbook which includes review of the charter school’s General Ledger to determine that all grant expenditures were necessary, reasonable, allowable and allocable.

- AZ CSP shall annually review the school’s Completion Report with its General Ledger grant expenditures.

- Depending on when the notice to or by the school’s authorizer and AZ CSP of school’s intent to close or be closed, AZ CSP shall send a representative to review the physical inventory of supplies and equipment in excess of \$5,000. The goal shall be to visit the physical location of the school within 30 days. The physical visit shall include of review of the school’s Inventory Sheet of AZ CSP supported purchases, its AZ CSP General Ledger, its Income and Expense sheet as well as its Balance Sheet to determine evidence of revenue from previously disposed assets.