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# CITIZENS SUMMARY

## Findings in the audit of the Renaissance Academy for Math and Sciences of Missouri, Inc. Charter School Closure

Background	The Renaissance Academy for Math and Science of Missouri, Inc. (Renaissance Academy) was a charter school operating in Kansas City until May 2012. Imagine Schools, Inc., a national charter school management company, managed Renaissance Academy between 2007 and 2010, and the University of Missouri-Columbia was the school's sponsor. The Board terminated the contract with Imagine Schools, Inc. in 2010 and then voted to close the school at the end of the 2011-2012 school year. The Board sued the former management company, the management company countersued, and both suits are still pending.
Budget and Remaining Funds	The Board did not prepare and adopt a formal budget for the years ended June 30, 2013, and 2014, so the Board could not effectively plan for the allocation of resources, the need to retain funds for post-closure activities, or whether funds should be returned to the Department of Elementary and Secondary Education (DESE) for use by the local school district. As of June 30, 2014, the school still had a cash balance of \$2.5 million, although the remaining estimated disbursements total only \$1.9 million. The DESE believes remaining funds should be returned to the state.
Payments to Law Firm	The Board paid its law firm over \$194,000 to perform closure and administrative duties without soliciting proposals or determining if less expensive options were available, including a \$46,930 "recovery bonus" for filing financial reports with the DESE; at least \$29,300 for filing, faxing, and handling inquiries about student records; and at least \$21,500 for handling issues related to capital asset inventory and distribution. The Board also paid this firm \$101,000 for legal services between June 2012 and November 2013.
Disbursements	Some disbursements since the school closure were unreasonable and unnecessary for the school closure process. The Board spent \$4,355 on a meeting and holiday party, including time spent by a law firm partner to plan the party and time spent by law firm staff to open internal emails inviting staff to the party. The Board spent over \$3,000 for other Board meetings held at restaurants, including \$2,070 paid to the law firm for organizing a meal and meeting. The Board spent \$12,644 for 2 members of the Board and 3 representatives of the Board's law firm to attend the 2012 annual Missouri Charter Public School Association conference where they presented a training session on charter school closures. The Board compensated the law firm for preparing the presentation and for firm personnel's travel time and expenses. The Board did not timely pay some bills, resulting in late fees and finance charges, and Board members signed two checks where they were also the payee.

## Service Proposals and Agreements

The Board did not solicit proposals for some services and did not ensure written signed agreements defining services and benefits received were in place for all services received. For example, the Board transition team accepted a proposal for \$11,500 for inventory and storage of assets and documents, but the Board paid a total of \$314,000 for the service with no written agreement and no documentation to support the additional amount paid.

In the areas audited, the overall performance of this entity was **Poor**.\*

\*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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