

September 8, 2020

Mr. Alfred Lopez, Board
President IDEA Academy, Inc.
c/o IDEA Public Schools
2115 West Pike Blvd.
Weslaco, TX 78596

Mrs. JoAnn Gama, Superintendent
IDEA Public Schools
2115 West Pike Blvd.
Weslaco, TX 78596

**RE: IDEA Public Schools (CDN 108-807)
Institutional and Financial Controls
Additional Follow-up needed**

RESPONSE REQUIRED

Electronic copy via email only
– no paper copy will be sent

Dear Mr. Lopez and Mrs. Gama,

On August 14, 2020, the Texas Education Agency (agency) sent correspondence requesting additional information from IDEA Public Schools (the charter). The charter provided a response as requested by August 24, 2020. On August 31, 2020 charter school leadership and members of the agency had a conference to discuss the charter's responses. As discussed, the commissioner is requesting additional information and clarification in order to discern a response to your amendment requests.

Below please find additional items that the Commissioner is requesting clarification on. Please address the questions below and provide a set of comprehensive responses directed to my attention no later than 5:00 p.m. Monday, September 14, 2020.

Additional follow-up questions:

1. Section 8 of the Executive Benefits Policy prohibits out-of-state, non-commercial travel as follows:

Sec. 8. CHARTER TRAVEL RESCINDED (Executive Benefits Policy)

IDEA prohibits its officers and directors from traveling on non-commercial aircraft when in furtherance of IDEA operations or its operations outside of Texas.

- a. **Is the prohibition of non-commercial aircraft for travel in the state of Texas as well as out-of-state travel?**
- b. **Will state of Texas dollars ever be used for out-of-state travel? If so, what are the specific instances that state of Texas dollars would be allowed for out-of-state travel?**

c. How will travel be monitored to ensure adherence to the policy?

2. Section 7 of the Travel Policy prohibits the use of charter or other private aircraft as follows:

Sec. 7. Travel by Commercial Airline (Travel Policy)

Sec 7.1. IDEA employees shall not travel by charter or other private aircraft. The Delegates shall not reimburse any cost incurred violative of this policy statement and shall report any violation to the Board's Audit and Finance Committees.

Sec. 7.2. When traveling via a common, commercial airline, IDEA employees shall only make coach-class accommodations.

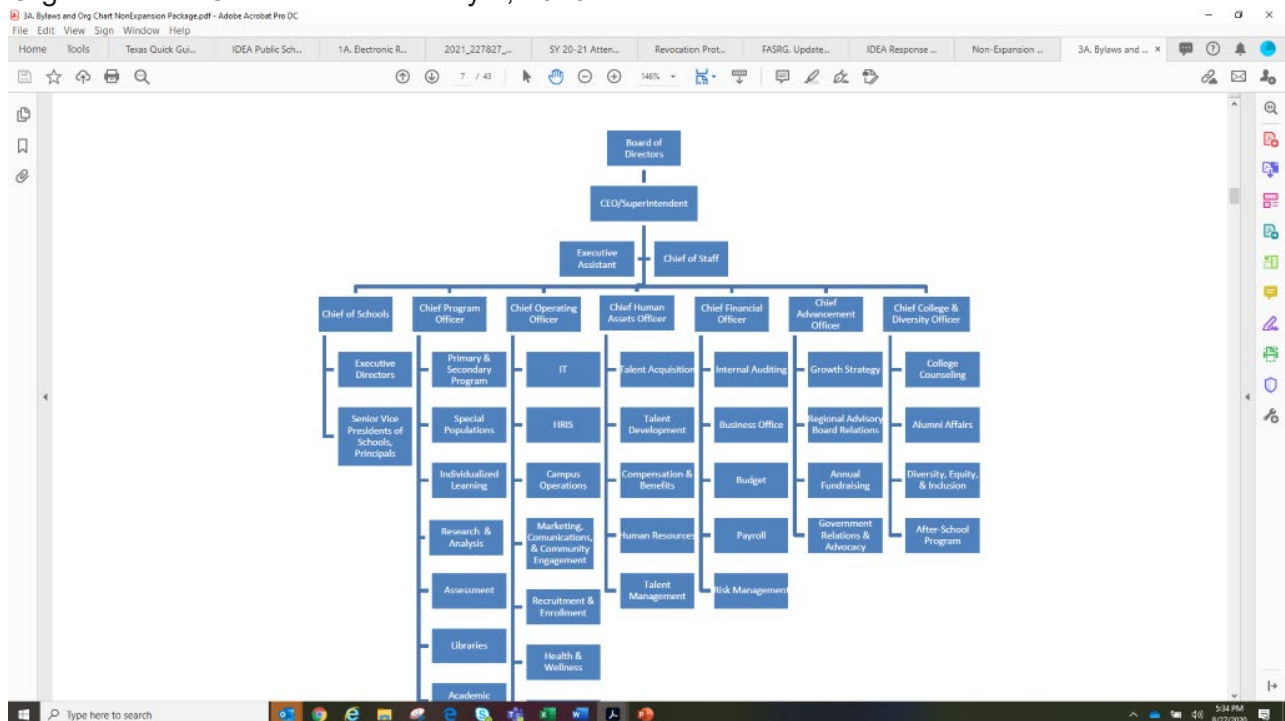
a. Does the restriction of travel by commercial airline apply to all IDEA employees and board members?

b. How will this be monitored to ensure adherence to the policy?

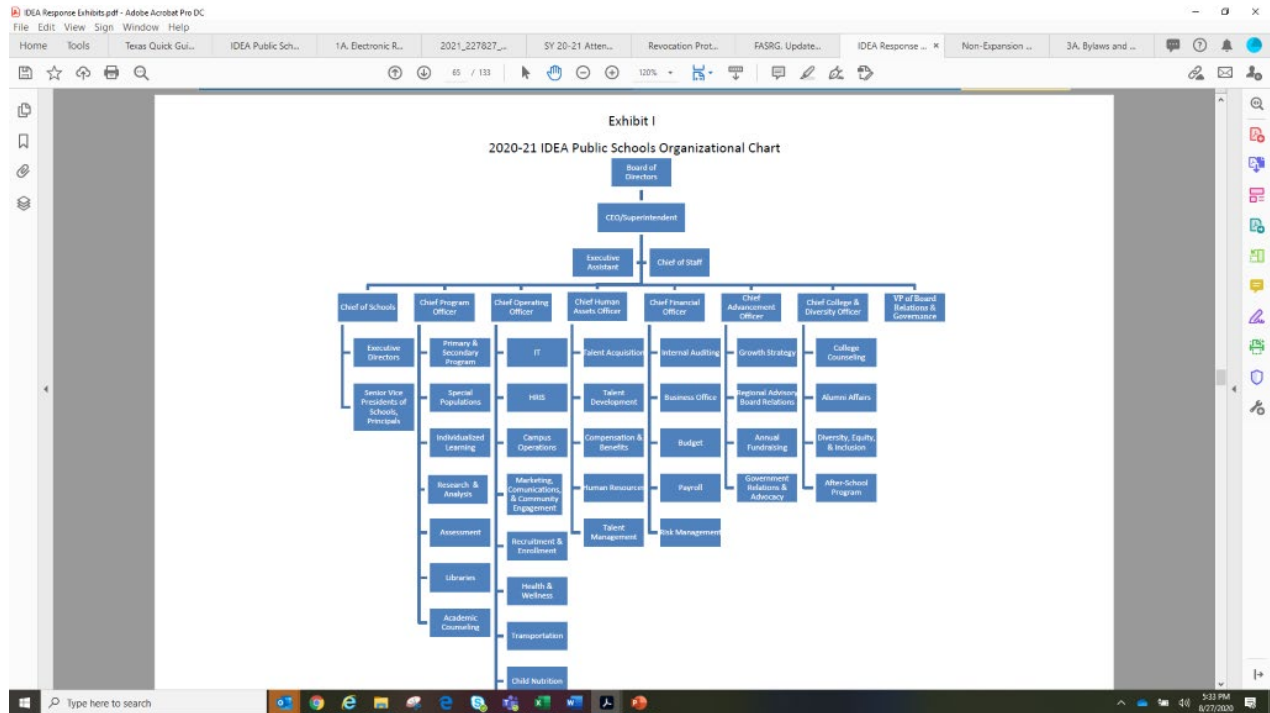
c. What actions will the Audit and Finance Committees, as well as other members of the organization or the board itself, take upon notification of a violation of this policy?

3. The organizational chart presented as an attachment (p. 67) does not match page 7 of the non-expansion amendment, bylaws revision, currently in process, that was submitted to the charter division on May 1, 2020, specifically in reference to the VP of Board Relations and Governance.

Organizational Chart Submitted May 1, 2020:



Organizational Chart on Page 67 of the response documents:



- a. **Noting the discrepancies in the two charts, which chart will you be using going forward?** (Any deviation from the currently approved organizational chart will need to be submitted via the amendment process for commissioner approval.)
 - b. **Is there a process in place to ensure quality checks before proposed amendments are submitted to the agency?**
4. You report the following in your response regarding the internal audit structure:

The Board also stood up new standing committees, most importantly including an Audit Committee and established a robust internal audit department reporting directly to the Board and Audit Committee. IDEA’s CEO, JoAnn Gama, also appointed a Vice President of Governance working with her and the Board, facilitating internal audit, overseeing staff counsel, compliance, board governance and coordinating the continuing work of outside counsel. Internal auditors and the Audit Committee received in-depth training and resources on internal audit and board Audit Committee functions.

- a. **Why, in both organizational charts, does the internal auditing department report to the CFO, not directly to the board, as you state?**
- b. **If the organizational chart is correct in that the internal auditing department reports to the CFO, how will independence be maintained in matters of financial integrity?**
- c. **How will whistleblower complaints be handled? Where will this be outlined in**

policy?

5. In this same paragraph you mention staff counsel.
 - a. **Where are staff counsel indicated on the organizational chart?**
 - b. **Regarding financial and organizational integrity and accountability, which matters will require attention from staff counsel and which matters will be directed to outside counsel?**

6. You address a \$250,000 expenditure threshold in several areas:

Sec. 6. BOARD AUTHORIZATION REQUIRED. (Board Authority Over Fiscal Matters)
Consistent with Sec. 3 of this policy and the Board's fiduciary duties and standard of care established under applicable law, the Delegates shall present to the Board for approval any business arrangement or transaction with a cost or value of \$250,000 or that relates to an officer or conflicted, interested, or related party, as defined in other Board policy or applicable law.

- a. **What fiscal thresholds are in place for administrators throughout the organization?**
 - b. **Are there any business arrangements or transaction thresholds below \$250,000 that will be or have been established, depending on specific roles in the organization, such as campus administrators or mid-management personnel?**
7. Board committees are mentioned in the response, and you note in your response the active role that the committees have had in revising policy. As noted:
...the Audit Committee supports the organization by also reviewing expenditures, monitoring compliance, and identifying areas of weakness for correction, guiding improvement plans, and ensuring fiscal controls are being implemented and are effective.
 - a. **Please provide additional detail as to the work of the internal audit committee.**
 - b. **What specific processes or procedures outlined will guide the work of the audit committee in accomplishing the tasks described in your response/description of the audit committee's role?**

8. You describe the compensation study in such a way that it is ongoing and not yet complete:
... a formal study is provided to the Board reviewing all senior management team members total compensation, not just base salary, for the 2020-2021 year and beyond. The Board's legal counsel and special nonprofit tax counsel will guide the Board further on state and federal requirements pertaining to compensation and benefits.
 - a. **When do you anticipate the completion of the compensation study?**

- b. Will the study's findings result in changes to compensation for the 2020-21 fiscal year, or will these be changes that will be implemented in 2021-22?
 - c. How will the results of the study be used to address compensation structures throughout the entire organization?
9. You describe training for new policies in several places (one example is in the Allowable and Prohibited Use of Funds Policy):

Sec. 19. Training and Updates

The Delegates or designee shall properly train officers and employees on the requirements of this policy and any administrative procedure(s) adopted to implement this policy. Additionally, the Delegates or designee shall keep officers and employees informed of any changes to this policy and related requirements.

- a. Please provide more details on the training process and associated timeline.
 - b. You mention your online training platform Roadmap. What training will occur on modules in Roadmap for new and existing policies?
 - d. Describe the frequency of any required training to be implemented and describe how that will be documented.
 - e. How will you assure compliance with training?
10. Please feel free to provide any additional information or exhibits regarding the practices and procedures the school has implemented, or plans to implement, that will provide evidence of a robust repertoire of institutional and financial controls for IDEA Public Schools going forward.

I appreciate your prompt and detailed responses to these follow-up questions.

Sincerely,



Heather Mauzé, Executive Director
Division of Charter School Authorizing and Administration

