

Wisdom Academy for Young Scientists

Revocation by the Los Angeles County Board of Education

Pursuant to EC 47607

Presentation to the State Board of Education

May 6, 2015



**Los Angeles County
Office of Education**

Serving Students • Supporting Communities
Leading Educators

Standard of Review

- Are the factual findings of revocation supported by substantial evidence?
- Substantial evidence – relevant evidence that a reasonable person would accept as adequate to support a conclusion



Process & Timeline Complied with Law

Step One:

Notice of Violation

Issued: June 3, 2014

Reasonable Opportunity to Remedy

Expired: July 31, 2014

Step Two:

Notice of Intent to Revoke/Notice of Facts in Support of Revocation

Issued: September 23, 2014

Public Hearing held within 30 days

Held: October 21, 2014

Step Three:

Final Decision within 30 days

Made: November 18, 2014



The County Board Appropriately Considered Academic Performance

- Notice of Intent to Revoke and Final Decision to Revoke contained pages of extensive academic performance analysis
- Oral presentations to the County Board by staff also reviewed academic performance analysis
- County Board discussed WAYS' academic performance during its deliberations at the September 23, 2014 board meeting regarding the Notice of Intent to Revoke and the November 18, 2014 board meeting regarding the Final Decision to Revoke



Findings for Revocation: EC 47607(c)(1)(C)

I. **WAYS** failed to meet generally accepted accounting principles or engaged in fiscal mismanagement.

A. Did not meet GAAP & engaged in Fiscal Mismanagement

- Inadequate internal controls
 - *Purchase of luxury vehicle without board approval*
 - *Unauthorized disbursement of funds*
 - *Failure to follow board budget directives*
- Engaged in related party transactions
 - *Unsubstantiated payments to OSE (vendor)*
- Violated provisions of law
 - *Failure to comply with federal program requirements*

Findings for Revocation: EC 47607(c)(1)(C)

I. **WAYS failed to meet generally accepted accounting principles or engaged in fiscal mismanagement.**

B. Substantial Evidence

- FCMAT Report
- WAYS Independent Audit Reports
- WAYS Fiscal and Operating Policies
- Financial documents and contracts



Findings for Revocation: EC 47607(c)(1)(C)

I. **WAYS failed to meet generally accepted accounting principles or engaged in fiscal mismanagement.**

C. Failure to Cure

- Contract with back office provider excluded responsibility for GAAP and fiscal mismanagement
- Revised fiscal policies lacked sufficient internal controls and implementation
- CMO terminated contract with WAYS negating any potential cure
- Key administrators involved in mismanagement still work for WAYS



Findings for Revocation: EC 47607(c)(1)(A)

II. **WAYS** committed a material violation of...the conditions, standards, or procedures set forth in the charter.

A. Failed to Adhere to Charter

- Board failed to exercise fiscal and institutional control
- Board and administrators did not follow Governance and Employee Qualification Elements of Charter



Findings for Revocation: EC 47607(c)(1)(A)

II. **WAYS** committed a material violation of...the conditions, standards, or procedures set forth in the charter.

B. Substantial Evidence

- Board agendas, minutes, documents and recordings
- Charter and documents produced by the school
- Publicly available documents
- Verbal and written statements of Board members



Findings for Revocation: EC 47607(c)(1)(A)

II. **WAYS** committed a material violation of...the conditions, standards, or procedures set forth in the charter.

C. Failure to Cure

- Board continued to operate in violation of law and charter
- Board members recruited by CMO resigned after one meeting
- CMO terminated contract with **WAYS**
- Key administrators continued to work for **WAYS**

Evidence of Failure to Cure



November 14, 2014

Armando Espinoza
President
Board of Directors
Wisdom Academy for Young Scientists
706 E. Manchester Ave.
Los Angeles, Ca 90002

Re: Termination of Management Agreement

Dear President Espinoza,

In October, 2014, Celerity Educational Group was contracted by Wisdom Academy to become the management company of Wisdom Academy for Young Scientists. Stipulations to this contract included the immediate removal of all top Wisdom Academy administrators and to put into place a transition plan for board members to step down from their positions on the board. These terms were agreed upon in order for Celerity to properly manage the day to day operations of the school. To date, Wisdom Academy of Young Scientists has not complied with these two agreed upon conditions.

This letter is to inform you that effective immediately Celerity Educational Group is severing all ties with Wisdom Academy and with the operations of the school.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Vielka McFarlane', is written over a horizontal line.

Vielka McFarlane
Chief Executive Officer



Evidence of Failure to Cure

Board of Directors
Wisdom Academy for Young Scientists
706 E. Manchester Ave.
Los Angeles, CA 90002

Dear Board President,

I would like to inform you that I am resigning from the Wisdom Academy for Young Scientists board of directors, effective immediately.

I came to this Board a month ago to help and contribute with Wisdom Academy to fully comply with LACOE and its recommendations. It became clear to me at last night's Board Meeting that there is no willingness to fully comply with LACOE's concerns. Therefore, I like to make this resignation effective immediately,

Sincerely,



Mario Anthony Valdivia

County Board Action Correct

Written Findings of Fact:

- Substantial evidence of violations exists to revoke the charter pursuant to EC 47607(c)(1)(A) and (C)
- WAYS did not adequately refute or remedy violations by the end of or after remedy period
 - County Board considered proposed remedies up to the day it took final action
 - WAYS' assertion that violations changed is unfounded
 - In analyzing WAYS' responses, their examples showed additional violations
- WAYS has not demonstrated increases in academic achievement for all groups of pupils served by the school