

ORLEANS PARISH SCHOOL BOARD

(504) 304-3520 • OPSB.us • 2401 Westbend Parkway • Suite 5055 • New Orleans, Louisiana 70114



June 28, 2019

Audrey Woods, Board Chairman
Better Choice Foundation
4617 Mirabeau Ave.
New Orleans, Louisiana 70126

Re: Notice of Non-Compliance, Level 2: Financial Management

Dear Mrs. Woods:

This communication is sent to inform you that the Mary D. Coghill Charter School (“Coghill”) is receiving this Notice of Non-Compliance, Level 2 given that the school is deemed non-compliant with its contractual obligations regarding financial management as identified in the Orleans Parish School Board’s Charter School Accountability Framework.

A member of OPSB’s Accountability team met with Coghill’s CEO and Business Manager on June 25, 2019 and observed the following:

1. Checks were issued to a board member with insufficient supporting documentation
 - a. Check #11330 was issued on February 8, 2019 and payable to Dr. Eric Jones in the amount of \$100 as reimbursement for parking. The only documentation provided was a check request form and a receipt for \$28.00.
 - b. Check #11434 was issued on March 29, 2019 and payable to Dr. Eric Jones in the amount of \$500 as payment for employee recognition. The only documentation provided was a check request, but no receipts were provided.
2. Board Agenda for Better Choice Foundation’s June 25th board meeting includes an item ratifying the purchase of three (3) Apple MacBook laptop computers
 - a. Email correspondence between the Board Treasurer, Althenetia Franklin, and Coghill School Principal, Pamela Marshall, indicate that four (4) computers were purchased using Title IVA SSAE funds for a total cost of \$5892.21.
 - b. At the time the computers were purchased, there was no board approval, which seems to be required for purchases in excess of \$5000. Additionally, it is not clear what the ultimate use of the computers will be.
3. Teacher Appreciation Day
 - a. Total costs of \$8,709.64.
 - b. Expenses include more than \$2000 for gift cards, almost \$3000 toward catering and approximately \$260 for alcohol purchases.
4. Continued involvement in day-to-day operations by Board Members
 - a. Board members are posting jobs on Coghill’s website without staff knowledge
 - b. Board members are determining whether staff members may attend conferences
 - c. Board members are making decisions on purchases outside of their responsibilities
5. Community meetings
 - a. The Pontilly Neighborhood Association holds regular meetings at Coghill on weekends. A staff member is on site during the meetings and is paid by Coghill for

CC: Dr. Henderson Lewis Jr., Superintendent



attending. The Better Choice Foundation board president is also the chair of this association.

On June 25, 2019, two OPSB Accountability team members observed the Better Choice Foundation charter board meeting and observed the following:

1. The charter board required budgets from federal funding also be approved by them.
2. The charter board agenda seeks approval for Board Treasurer to negotiate proposal costs and services for a CPA consultant for FY20.
3. The Board Treasurer stated she sought insurance solicitations.

Based upon the observations outlined above, OPSB has determined the following:

1. Better Choice Foundation has failed to follow financial procedures regarding reimbursements. A person must submit supporting documentation for the amount of any reimbursement sought. By not providing sufficient documentation for the reimbursements to Dr. Jones, the two payments outlined above appear to be an improper receipt of a thing of economic value in violation of the Louisiana Code of Governmental Ethics. This Code precludes public officials (which a charter board member is a public official) from receiving a thing of economic value from its entity (which in this case would be the charter board). Similarly, the Louisiana Constitution also expressly prohibits unconstitutional donations. Failure to provide sufficient supporting documents for a reimbursement could convert said reimbursement to an unconstitutional donation in violation of the Louisiana Constitution.
2. Better Choice Foundation may be in violation of the laws governing expenditures of Title funds, which provide very explicit guidelines for how funds are to be expended. Additionally, records are not clear as to how many items were purchased and whether the full purchase was properly ratified by the board.
3. Better Choice Foundation violated OPSB Policy KF as it relates to alcohol consumption on school board property. Based upon receipts issued, alcohol (beer and wine) was purchased for Teacher Appreciation Day, which occurred on Friday, May 17, 2019. OPSB policy requires any request to serve alcohol be submitted in writing by the school principal to the charter school board. School Board policy also prohibits its employees from consuming alcohol during the school day, and Better Choice Foundation should have similar prohibitions.
4. Better Choice Foundation may be in violation of the Louisiana Constitution in that the costs associated with Teacher Appreciation Day could constitute an unconstitutional donation, given the large expense that amounts to a gift to employees. These costs include, but are not limited to, the catering costs which total \$2902.33 and gift cards which total more than \$2000. It is not clear what the source of these funds were and what was the purpose of the gift card purchase (i.e. who were they purchased for).
5. The gift cards purchased for Teacher Appreciation Day could also be a violation of the Louisiana Code of Governmental Ethics. If the gift cards were purchased for teachers and staff, the gift cards could be seen as a gift or thing of economic value received by a public employee for their regular employment, meaning the gift would not have been received but for this person being a public employee (i.e. teacher at Coghill).
6. OPSB has previously cited Better Choice Foundation regarding its board members involvement in daily activities at the school. A charter board is tasked with governing a charter school, not running the school's daily operations. The board develops and maintains a balanced budget, but does oversee and direct individual or day to day purchases. The board hires the school leader or CEO, but does not hire all the school staff.

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Better Choice Foundation is continually failing to meet expectations in critical areas including board governance and financial practices. Given the seriousness of the observations and the lack of information to adequately review these matters, OPSB is asking that the following information be submitted by close of business July 12, 2019:

1. Better Choice Foundation's written financial procedures, including procedures for reimbursements and expenditures in excess of \$5000;
2. Any additional supporting documentation for the reimbursements outlined above and paid to Dr. Eric Jones. If no additional supporting documentation has been provided, Better Choice Foundation shall submit a written explanation of how these funds were paid back to them by Dr. Jones;
3. Supporting documentation regarding the purchase of Apple Computers, including documentation that the purchase of the correct number of computers was properly ratified, source of funds used to purchase the computers, details of what the anticipated use of the computers will be, and written procedures or policies regarding process for purchases;
4. Better Choice Foundation's policies regarding alcohol consumption by employees on the school grounds;
5. Source of funds for purchases for Teacher Appreciation Day, including alcohol purchases;
6. Written description of purpose for gift card purchases, including recipients of gift cards and source of funds;
7. If any alcohol, gift cards, or other items for Teacher Appreciation Day were purchased with public funds, a written plan of action for reimbursement to Better Choice Foundation for any improper expenditure of public funds.

In addition to the above requirements, OPSB is hereby requesting additional training responsibilities for the Better Choice Foundation board. For the 2019-2020 school year, all board members will be required to receive a minimum of 8 hours of training related to charter board governance. These trainings may be online or in person. A copy of certificates of completion or other proof of attendance shall be submitted by June 30, 2020.

This Notice of Non-Compliance, Level 2 will remain open until all of the above requirements are satisfied. In addition, if review of the additional documents requested reveal any additional violations of law or policy, this notice will be updated to reflect those additions. OPSB's observations will also be shared with Louisiana Legislative Auditor, Orleans Parish District Attorney, and the Louisiana Board of Ethics. Please submit any additional documentation you have along with your formal response. If there are any questions, please feel free to reach out to me.

Yours in Education,

Kelli R. Peterson, Ed.D.
Senior Equity and Accountability Officer

CC: Dr. Henderson Lewis Jr., Superintendent