



OFFICE OF THE
STATE AUDITOR

REPORT NO. ATAC-16-SP2

May 31, 2017

Andrew Lavin, Chair
Athlos Academy of Utah
12309 South Mustang Trail Way
Herriman, UT 84096

Dear Mr. Lavin:

The Office of the State Auditor has a hotline program through which we receive complaints with financial or compliance implications related to the use of public funds. We received allegations that Athlos Academy of Utah (Athlos) improperly responded to a records request under the Government Records Access Management Act (GRAMA) and did not comply with the state procurement code when procuring contracts for education services, management services, and facility construction.

We made inquiries with Athlos management and others, and reviewed procurement and other records as necessary. We noted that the procurements in question and the records request occurred after Athlos' charter application had been approved by both the State Charter School Board (SCSB) and the Utah State Board of Education (USBE) but prior to Athlos' charter agreement (Agreement) being executed. Although there is no clear guidance as to whether charter school applicants are subject to GRAMA, the state procurement code, and other laws that provide transparency and oversight, it is clear that once the SCSB and Athlos executed the Agreement, Athlos became an official charter school, and was contractually subject to oversight laws and regulations. In addition, it is likely that Athlos became subject to charter school oversight laws and regulations upon acceptance of state funding received through a charter school start-up grant of \$124,100 (see following paragraph). At the time of the alleged violations, we found that had the regulations applied, Athlos likely met the minimum obligations set forth in law. Therefore, we will pursue no further action on those issues.

However, we did note certain problems associated with the \$124,100 charter school start-up grant which Athlos applied for and was awarded in July 2015. The grant application included the assertion that, "Recipients certify that they have a signed charter agreement. If school has been approved, but charter agreement has not been executed, recipients understand that they will not be awarded grant funds until a contract between the school and authorizer has been executed and signed. Evidence of a signed contract must be provided prior to funding."

At the time Athlos applied for the grant, the USBE had not approved of Athlos as a school nor had an Agreement been signed. Further, at the time Athlos accepted the grant funds, the Agreement

was still not in place. Therefore, the SCSB improperly disbursed all of the funds prior to the existence of a signed and executed Agreement, and Athlos improperly accepted the grant funds. We have made a recommendation to the SCSB to review the matter further.

We appreciated the professional courtesy and assistance extended to us by Athlos personnel during the course of our inquiry, and we look forward to a continuing professional relationship. If you have any questions, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Julie M. Wrigley".

Julie M. Wrigley, CPA
Audit Manager
jwrigley@utah.gov
801-538-1340

cc: State Charter School Board