CASBO Presents
Charter Financial Oversight

Presenters:
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&
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C. Compliance
A. Accountability
S. Sustainability
B. Best Practices
O. Oversight
California Charter Authorizing Professionals

2013: Founded by authorizers to advance quality public education for all students

Now partnering with CDE and Santa Clara County Office of Education on Charter Authorizer Support Initiative (CASI)


2022: National Dissemination Grant for new national organization, National Network for District Authorizing (NN4DA)

CCAP
Compliance
Fiscal Compliance

- Amended EC 47604.32 requires authorizer to use financial, or other information, to perform oversight duties

- Includes monitoring – not just assessing the financial condition

- Authorizer can ask for whatever is needed to do this work
Compliance
Fiscal Compliance

Examples include:

- Cashflow Projections
  - Balance Sheet & Income Statement
  - Bank Reconciliations
  - Policies & Procedures
  - Multiyear Projections
  - ADA & Enrollment Reports
Compliance
Monitoring the Fiscal Condition

- Enrollment
- Average Daily Attendance (ADA)
- Unduplicated Pupil Percentage (UPP)
- Cash on Hand & Cash Management
- Board Approval Deadlines
- Timely Reporting
Accountability

CCAP’s Toolkits
Accountability

Is the school financially viable?

Do you understand the financial data and what to look for?
Accountability – Some Warning Signs

- Falls short of enrollment, ADA, UPP projections
- Deficit spending pattern
- Leadership is unclear about the fiscal health in simple language
- Payables going unpaid and receivables going uncollected
- Dipping into reserves
- Cash shortages are a focal point of conversation at staff and board meetings
- Board is not meeting regularly, or board minutes do not show financial information
- Lack of effective internal controls, or no monitoring
- Not following polices and procedures
- Not reporting timely
- Failure to produce information to the authorizer
Sustainability
Financial Health & Sustainability Framework

Indicators
Measures
Metrics
Targets
Rating
Sustainability
Short-term Indicators

Days of Cash on Hand
Does the school have the cash available to pay its bills?

Enrollment Variance
Does the school’s actual student enrollment support the projected revenue?

Average Daily Attendance
Are the year-over-year ADA trends steady?

Unduplicated Pupil Percentage (UPP) Variance
Does the school’s actual UPP funding support the operating budget?

LCAP Represented in Budget
Is the LCAP represented in the Budget?

Economic Reserve
Does the school have resources to weather uncertainties?
Sustainability
Long-Term Indicators

Multiyear Projection
Is the school living within its means?

Subsequent Years Cash Flow
How much money does the school have available to spend?

Debt Default
Is the school meeting its debt obligations?
Sustainability
Other Indicators

**Autorizer Reviews**
Is the Charter Board receiving copies of COE financial review, if any?

**Audit Performance**
Did the auditors provide a clean opinion?
Best Practices

- Develop a working partnership
- Schedule periodic meetings (not just once a year)
- Provide information throughout the year
- Develop formats for charters to give you information
- Be a resource
Best Practices

1- Guidelines: Policies and Procedures

2- Desk Manuals and Training Materials.

3- Annual Training (Also, with new employee onboarding.)
Board Policies & Administrative Regulations

Governing board policies and administrative regulations should be updated annually and anytime laws change.

This is the responsibility of the Executive Director

Accounting, Human Resources & Education Services

• Employee manuals are essential. Ideally, manuals can be posted in the employee portal on the website and updated as needed.

• Manuals should address how each major department communicates and interacts.
Oversight Authorizer’s Role

EC Section 47604.32 states responsibilities of the authorizing agency:

1. Identify at least one staff member as a contact person for the charter school.
2. Visit each charter school at least annually.
3. Ensure that charter schools under its authority comply with all reports required of charter schools by law, and all other mandatory reporting requirements.
4. Monitor the fiscal condition of charter schools.
5. Provide timely notification to the California Department of Education (CDE) when a charter renewal is granted, denied, or revoked, and when a charter school ceases operation for any reason.
Building a partnership, providing support and good communication and sharing expectations for renewal.

Providing key fiscal information to charters on major budgetary financial updates that affect budget assumptions throughout the year.

Understanding the basics of oversight and industry best practices.
Oversight Site Visits

1. Collaborate the reported data & provide feedback
2. Understand the culture & climate
3. Review the condition of the facilities
Charter Authorizer Support Initiative (CASI)

CDE-funded
Implementation by CCAP and Santa Clara County Office of Education

- Training, networking, emphasis on small & rural authorizers
- Monthly charter chats
- In-person onsite trainings

https://www.cde.ca.gov/sp/ch/casi.asp:
California Charter Authorizers Conference

June 13-16, 2023
Palm Springs
Programming & hands-on training on fiscal oversight

Networking role-alike with fiscal staff
Announce recommendations on fraud prevention & detection

https://calauthorizers.org/2023-conference/
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Thank you for attending!

Please fill out your evaluation.