

CASBO Presents

Charter Financial Oversight

Presenters:

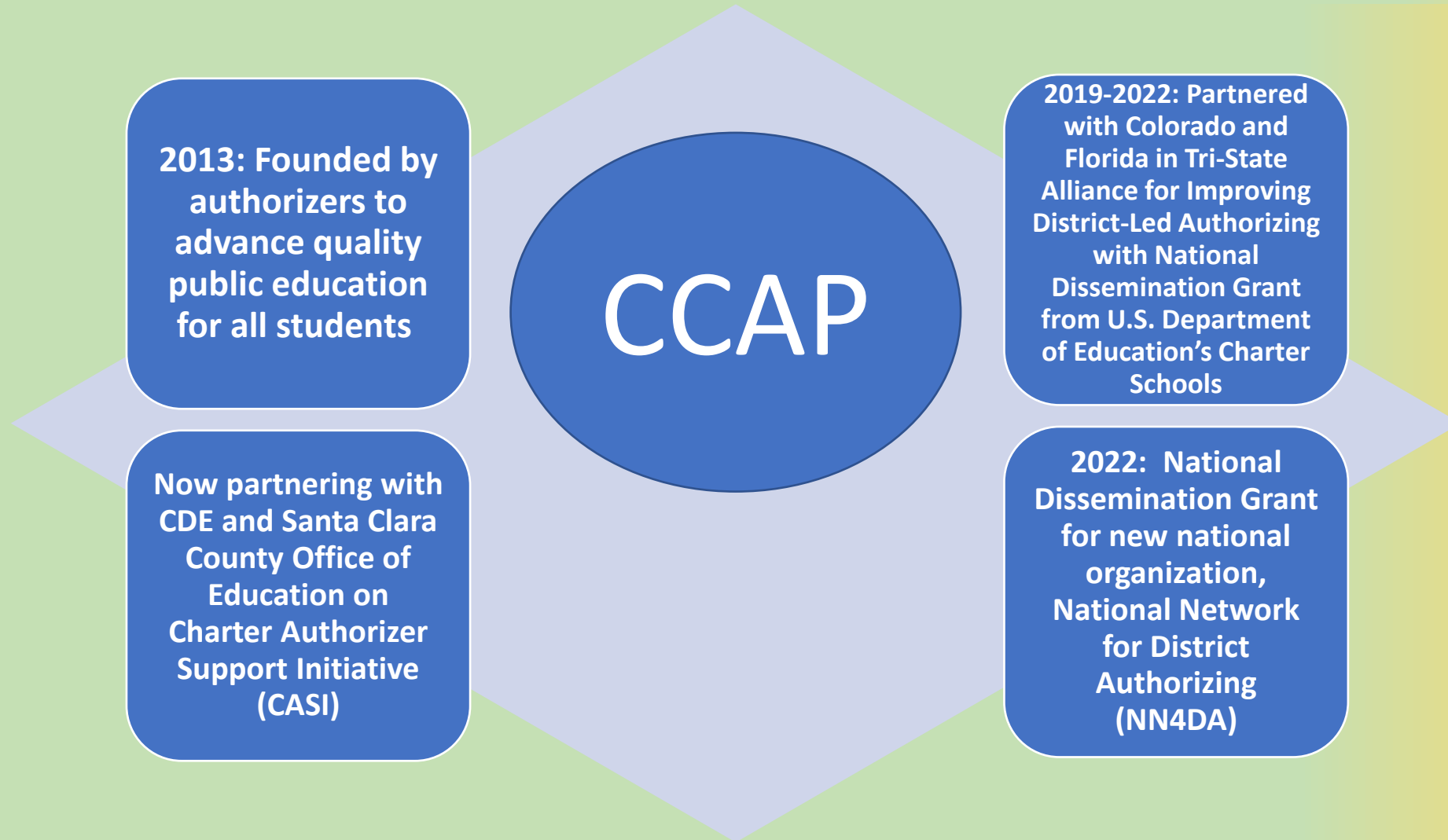
Debi Deal, CCAP Treasurer

&

Tom Hutton, Executive
Director

- C. **Compliance**
- A. **Accountability**
- S. **Sustainability**
- B. **Best Practices**
- O. **Oversight**

California Charter Authorizing Professionals



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**

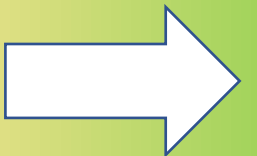


Compliance

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

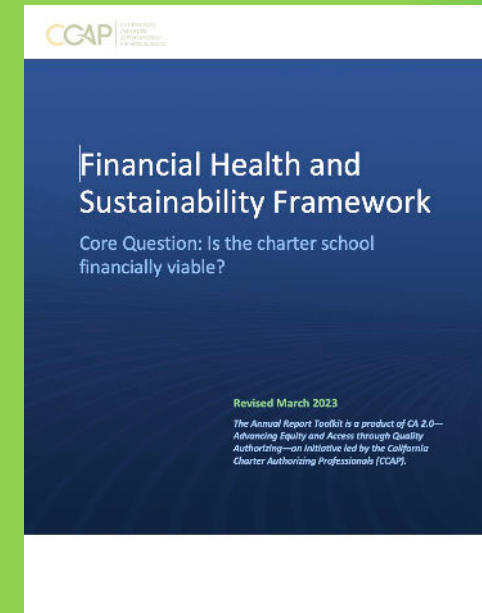
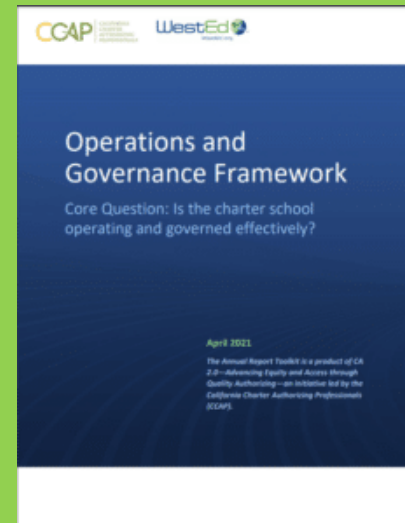
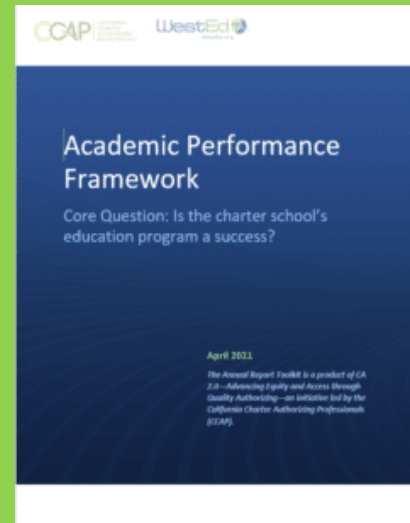
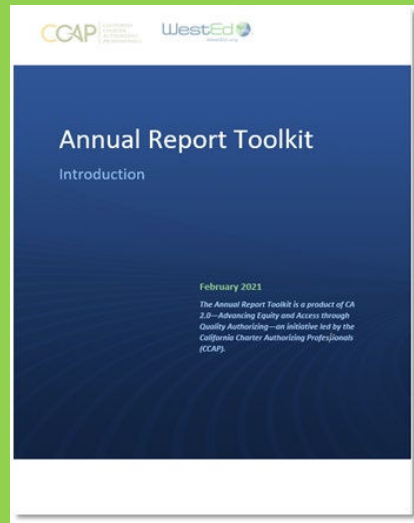


Timely Reporting



Accountability

CCAP's Toolkits



Accountability

Is the school operating and governed effectively?

Is the Education program a success?



Is the school advancing equity and access through serving public policy purpose?

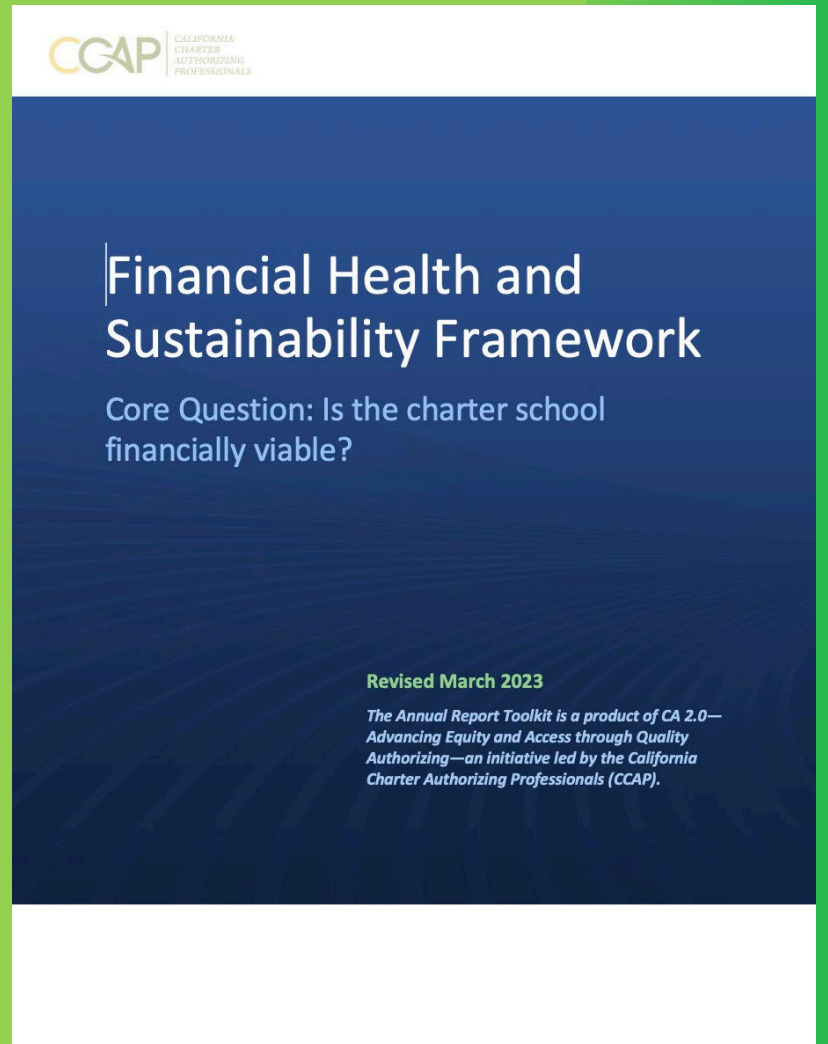
Is the school financially viable?



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 policies and procedures

Not reporting timely

Failure to produce information to the authorizer



Sustainability

Financial Health & Sustainability Framework



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

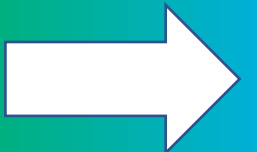
Is the school living within its means?

Subsequent Years Cash Flow

How much money does the school have available to spend?

Debt Default

Is the school meeting its debt obligations?



Sustainability

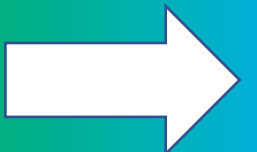
Other Indicators

Authorizer 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

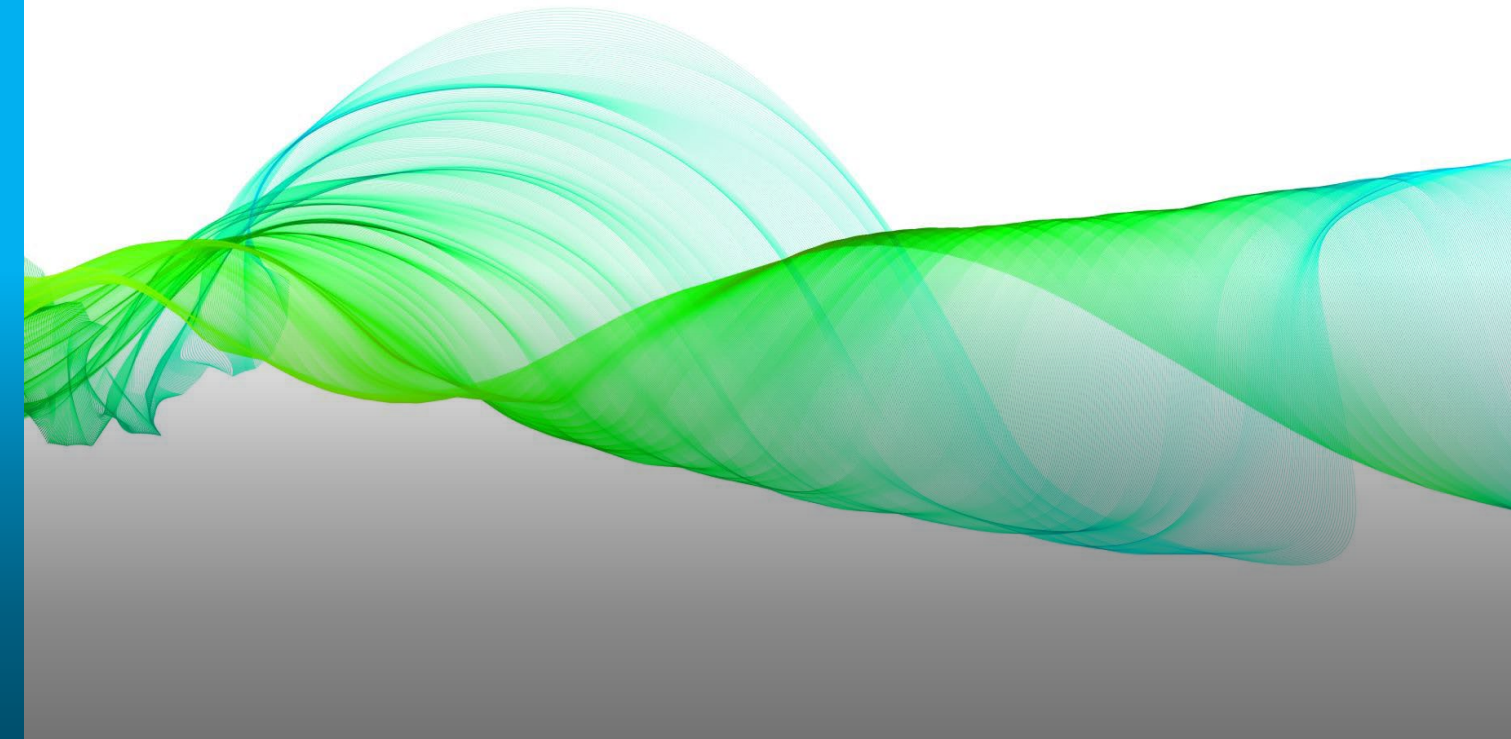
Schedule periodic meetings (not just once a year)

Provide information throughout the year

Develop formats for charters to give you information

Be a resource





1- Guidelines: Policies and Procedures

2- Desk Manuals and Training Materials.

3- Annual Training (Also, with new employee onboarding.)

Best Practices



Best Practices – Policies & Procedures

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.



Training

Training

Training

Best Practices



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.**



Oversight Successful Approaches



Building a partnership, providing support and good communication and sharing expectations for renewal.



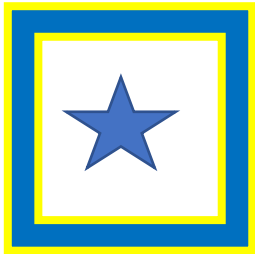
Providing key fiscal information to charters on major budgetary financial updates that affect budget assumptions throughout the year.



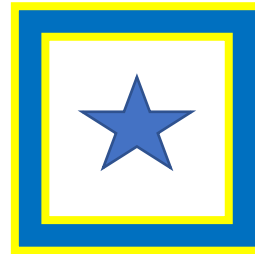
Understanding the basics of oversight and industry best practices.



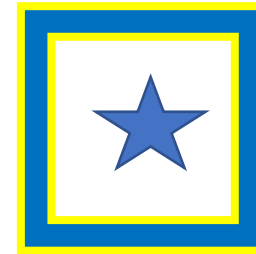
Oversight Site Visits



Collaborate the reported data & provide feedback



Understand the culture & climate



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/>



Contact Information

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www.calauthorizers.org:



Please fill
out your
evaluation.

Thank you
for
attending!