

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**

1

California Charter Authorizing Professionals

CCAP

- 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)
- 2019-2022: Partnered with Colorado and Florida in Tri-State Alliance for Improving District-Led Authorizing with National Dissemination Grant from U.S. Department of Education's Charter Schools
- 2022: National Dissemination Grant for new national organization, National Network for District Authorizing (NN4DA)

2

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



3

Compliance Fiscal Compliance

Examples include:







- Cashflow Projections
 - Balance Sheet & Income Statement
 - Bank Reconciliations
 - Policies & Procedures
 - Multiyear Projections
 - ADA & Enrollment Reports




4

Compliance

Monitoring the Fiscal Condition


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



5

Accountability

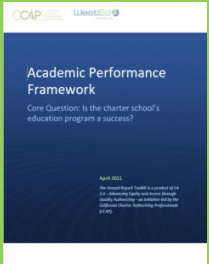
CCAP's Toolkits



Annual Report Toolkit
Introduction

February 2023

The Annual Report Toolkit is intended to assist charter schools in preparing their annual reports to the public and the public's understanding of the school's performance.

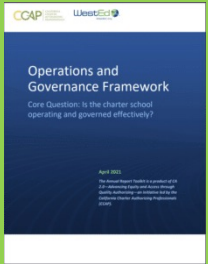


Academic Performance Framework

Core Question: Is the charter school's education program a success?

April 2023

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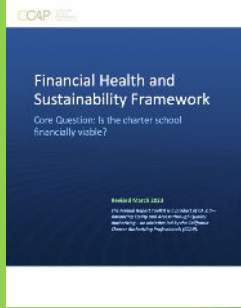


Operations and Governance Framework

Core Question: Is the charter school operating and governed effectively?

April 2023

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Financial Health and Sustainability Framework

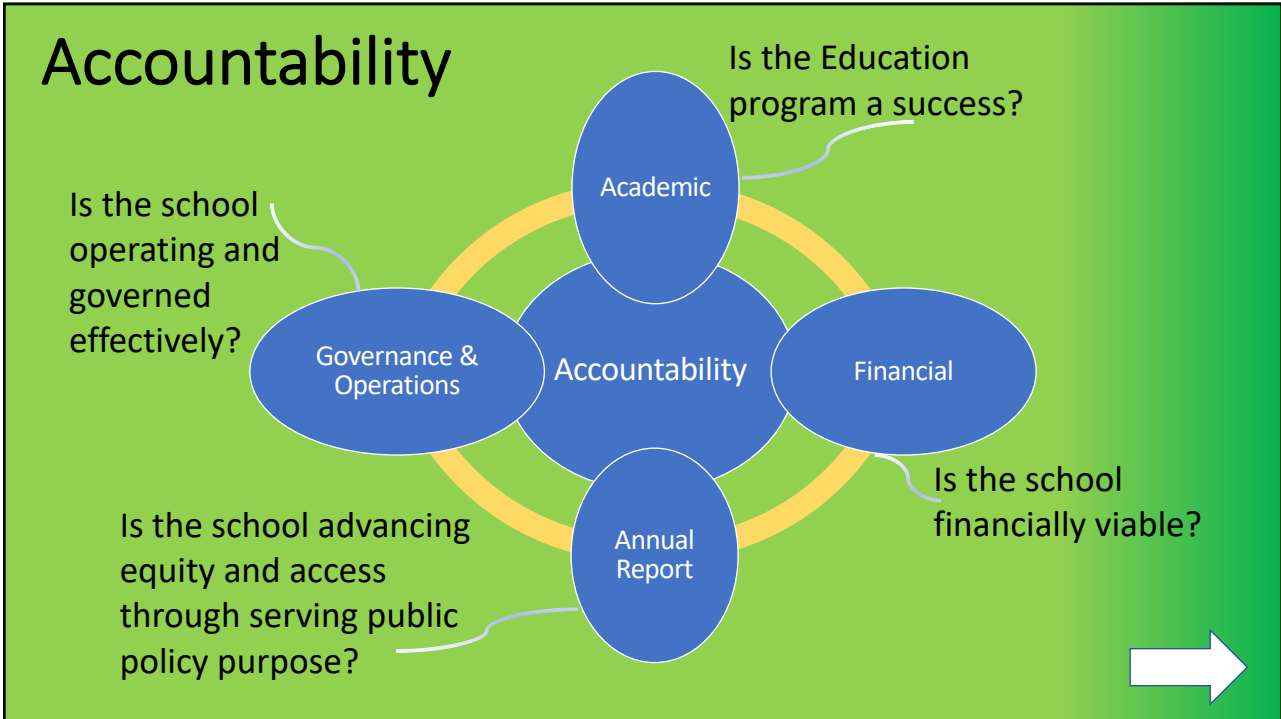
Core Question: Is the charter school financially viable?

March 2023

The Annual Report Toolkit is intended to assist charter schools in preparing their annual reports to the public and the public's understanding of the school's performance.



6



7

Accountability

Is the school financially viable?

Do you understand the financial data and what to look for?

8

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



9

Sustainability Financial Health & Sustainability Framework




10

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? |




11

Sustainability

Long-Term Indicators

| | |
|---|--|
| Multiyear Projection Is the school living within its means? | Subsequent Years Cash Flow How much money the school has available to spend. |
| Debt Default Is the school meeting its debt obligations? | |



12

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?



13

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



14



1- Guidelines: Policies and Procedures

2- Desk Manuals and Training Materials.



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

Best Practices



15

Best Practices – Policies & Procedures

| Board Policies & Administrative Regulations | Accounting, Human Resources & Education Services |
|--|---|
| <p>Governing board policies and administrative regulations should be updated annually and anytime laws change.</p>  | <ul style="list-style-type: none"> • 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. |
| <p>This is the responsibility of the Executive Director</p> |  |

16

Training

Training

Training

Best Practices

17

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.

18

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.



19

Oversight Site Visits



Collaborate the reported data & provide feedback



Understand the culture & climate



Review the condition of the facilities



20

Charter Authorizer Support Initiative (CASI)

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

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

<https://www.cde.ca.gov/sp/ch/casi.asp>



21

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/>



22

Contact Information

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23

Please fill out your evaluation.

Thank you for attending!

24