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

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

- Annual Report Toolkit
- Academic Performance Framework
- Operations and Governance Framework
- Financial Health and Sustainability Framework
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 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 the school has 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
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.
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

Debi Deal: ddeal@brightlake.com
Tom Hutton: tom.Hutton@calauthorizers.org

www.calauthorizers.org:

Thank you for attending!
Please fill out your evaluation.