

CASBO



Annual Conference

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Charter Authorizers: Know Your Role

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The views and opinions expressed in this presentation are those of the authors and do not necessarily reflect those of CASBO.

Agenda

- Background
- Authorizer Role and Best Practices
 - Finance
 - Governance
 - Annual Site Visit
 - Educational Program
 - Special Education
- Resources



Background

Education Code Section [47604.32](#)

(a) Each chartering authority, in addition to any other duties imposed by this part, shall do all of the following with respect to each charter school under its authority:

- (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 each charter school under its authority complies with all reports required of charter schools by law, including the local control and accountability plan and annual update to the local control and accountability plan required pursuant to Section 47606.5.
- (4) Monitor the fiscal condition of each charter school under its authority.
- (5) Provide timely notification to the department if any of the following circumstances occur or will occur with regard to a charter school for which it is the chartering authority:
 - (A) A renewal of the charter is granted or denied.
 - (B) The charter is revoked.
 - (C) The charter school will cease operation for any reason.

(b) The cost of performing the duties required by this section shall be funded with supervisory oversight fees collected pursuant to Section 47613.

Background

Education Code Section [47604\(d\)](#)

- A chartering authority that grants a charter to a charter school to be operated as or by a nonprofit public benefit corporation **is not liable for the debts or obligations of the charter school or for claims arising from the performance of acts, errors, or omissions by the charter school if the chartering authority has complied with all oversight responsibilities required by law, including, but not limited to, those required by Section 47604.32 and subdivision (m) of Section 47605.**



Background

Best Practices of Oversight:

- Expectations for charter and authorizer
- Definitions and processes are shared
- Memorandum of Understanding
- Oversight approach as collaborative and supportive, rather than a “gotcha” moment



Authorizer Role and Best Practices: Finance

Education Code Section [47604.33](#)

(a) Each charter school shall annually prepare and submit the following reports to its **chartering authority and the county superintendent of schools**, or only to the county superintendent of schools if the county board of education is the chartering authority:

- (1) On or before July 1, a **preliminary budget**. For a charter school in its first year of operation, the information submitted pursuant to subdivision (h) of Section 47605 satisfies this requirement.
- (2) On or before July 1, a **local control and accountability plan and an annual update** to the local control and accountability plan required pursuant to Section 47606.5.
- (3) On or before December 15, an **interim financial report**. This report shall reflect changes through October 31.
- (4) On or before March 15, a **second interim financial report**. This report shall reflect changes through January 31.
- (5) On or before September 15, a final **unaudited report** for the full prior year.

(b) The chartering authority shall use any financial or other information it obtains from the charter school, including, but not limited to, the reports required by this section, to perform the duties described in subdivision (a) of Section 47604.32, including monitoring the fiscal condition of the charter school.

(c) The cost of performing the duties required by this section shall be funded with supervisory oversight fees collected pursuant to Section 47613.

Authorizer Role and Best Practices: Finance

- The role of the authorizer is to monitor the fiscal condition, not operate the school
- Fiscal decisions are made by the charter school governing board and administration
- Financial reports are required to be submitted to the authorizing agency and COE
- There is no approval by the authorizing agency or COE for charter school financial reports.

Authorizer Role and Best Practices: Finance

- Communication and feedback loop
 - Review letters
 - Emails with questions or concerns
- Memorandum of Understanding (MOU) Considerations:
 - How will fiscal status be defined?
 - Positive, Qualified, Negative
 - Another alternative
 - Reserve for Economic Uncertainties (REU)
 - Not defined in statute
 - Based on average daily attendance size
 - Another alternative standard



Authorizer Role and Best Practices: Finance

Monthly Fiscal Monitoring	
Documents to Review:	Observations:
<ul style="list-style-type: none">• Warrant Register• Income Statement• Board Financial Reports	<ul style="list-style-type: none">• Are there large payments going to individuals, or unknown vendors?• Are vendor payments reasonable? In alignment with contracts?• Are invoices paid timely?• Is the monthly net position positive or negative?• Is the governing board aware of school's financial position?• Is the governing board presented with the school's financial position?

Authorizer Role and Best Practices: Finance

Quarterly Fiscal Monitoring	
Documents to Review:	Observations:
<ul style="list-style-type: none"> • Budget/Interim Reports • LCFF Calculator • Cashflow • Assumptions • Multi-Year Projection 	<ul style="list-style-type: none"> • Does the LCFF revenue reconcile to the LCFF calculator or CDE funding exhibits? • Are the ADA/Enrollment projections reasonable? In alignment with CDE certified ADA? • Are there variances by major object code as compared to the prior reporting period? • Budget vs. Actuals: Are actuals in alignment with the budget? • One-time revenues and expenditures have been budgeted or removed appropriately? • Net increase/decrease to fund balance? Change from prior reporting period? • Net Position/Ending Fund Balance? Change from prior reporting period? • Is the Reserve for Economic Uncertainty (REU) met, if applicable? • Is cash positive in all months? • Are there 30-60 days cash on hand for all months?

Authorizer Role and Best Practices: Finance

Annual Fiscal Monitoring	
Documents to Review:	Observations:
<ul style="list-style-type: none"> • Unaudited Actuals • Audit 	<p>Unaudited Actuals</p> <ul style="list-style-type: none"> • Are there any material differences between Unaudited Actuals and the last reporting period? Why? • What is the change between projected ending fund balances and actual ending fund balance? • Is there a fiscal impact to the beginning fund balance in the following fiscal year? <p>Audit</p> <ul style="list-style-type: none"> • The Ending Fund Balance matches the Beginning Fund Balance? • Audit adjustments and restatements have been properly recorded? • Does the charter school have any findings? If so, what is the fiscal impact? • Does the charter school have any unresolved findings from prior years? • Borrowing: Short-term and long-term

Authorizer Role and Best Practices: Governance

Education Code Section [47604.1](#)

A charter school and an entity managing a charter school ([EC 47604](#) and [EC 47604.1\(a\)](#)) shall be subject to all of the following:

- The Ralph M. Brown Act or Bagley-Keene Open Meeting Act.
- The California Public Records Act.
- Conflict of Interest Code (Article 4 (commencing with Section 1090) of Chapter 1 of Division 4 of Title 1 of the Government Code).
- The Political Reform Act of 1974 (Title 9 (commencing with Section 81000) of the Government Code).
 - For purposes of Section 87300 of the Government Code, a charter school and an entity managing a charter school shall be considered an agency and is the most decentralized level for purposes of adopting a conflict-of-interest code.
- To the extent a governing body of a charter school or an entity managing a charter school engages in activities that are unrelated to a charter school, the Ralph M. Brown Act, the Bagley-Keene Open Meeting Act, the California Public Records Act, and the Political Reform Act of 1974 shall not apply with regard to those unrelated activities unless otherwise required by law (EC 47604.1(e)).

Authorizer Role and Best Practices: Governance

Education Code Section 47604.1(c) Location of meetings of the governing board of a charter school	Two-way telecommunication at each schoolsite and resource center	Audio or video recording posted to website
The governing body of one charter school shall meet within the physical boundaries of the county in which the charter school is located.	✓	
The governing body of one nonclassroom-based charter school that <u>does not have a facility</u> or <u>operates one or more resource centers</u> shall meet within the physical boundaries of the county in which the greatest number of pupils who are enrolled in that charter school reside.	✓	
For a governing body of an entity managing one or more charter schools located within the same county , the governing body of the entity managing a charter school shall meet within the physical boundaries of the county in which that charter school or schools are located.	✓	
For a governing body of an entity that manages two or more charter schools that are not located in the same county , the governing body of the entity managing the charter schools shall meet within the physical boundaries of the county in which the greatest number of pupils enrolled in those charter schools managed by that entity reside.	✓	✓
This subdivision does not limit the authority of the governing body of a charter school and an entity managing a charter school to meet outside the boundaries described in this subdivision if authorized by Section 54954 of the Government Code, and the meeting place complies with Section 54961 of the Government Code.		

Authorizer Role and Best Practices: Governance

Education Code Section [47604.1](#)

- An **employee of a charter school shall not be disqualified from serving as a member of the governing body of the charter school** because of that employee's employment status. A member of the governing body of a charter school who is also an employee of the charter school shall abstain from voting on, or influencing or attempting to influence another member of the governing body regarding, all matters uniquely affecting that member's employment (EC 47604.1(d)).
- A meeting of the governing body of a charter school to discuss items related to the operation of the charter school shall not include the discussion of any item regarding an activity of the governing body that is unrelated to the operation of the charter school (EC 47604.1(f)).

Authorizer Role and Best Practices: Governance

- The role of the authorizer is to ensure that the charter school is compliant with EC, PRA, CPRA and Conflict of Interest; It is not to govern the school.
- Monthly agenda reviews
 - Allows an authorizer to get better acquainted with the school, governing board, processes and operations
 - Compliance with the Brown Act
- Website Compliance
 - Appropriate policies posted, complaint forms available, board meeting recordings (if applicable)
- Attend a Board Meeting



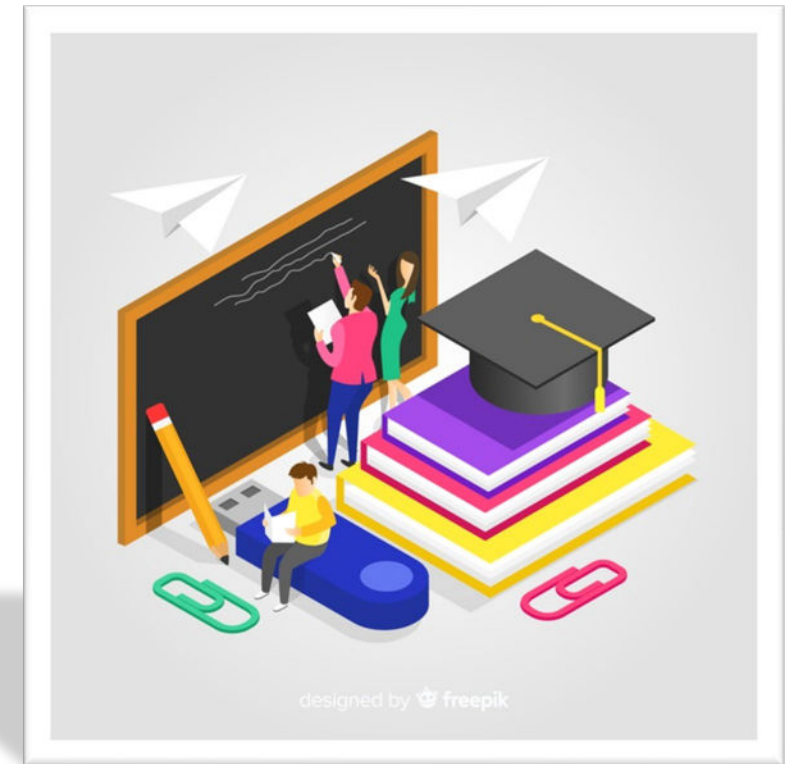
Authorizer Role and Best Practices: Annual Site Visit



- Charter petition alignment to in-person
- Classroom observations
- Safe school facilities
 - Appropriate building zoning, permits and occupancy for the charter school
 - School Safety Plan and Emergency Procedures
- Student file sampling
 - Special Education compliance
 - Cumulative file compliance
- Meet with administration, staff, students and board members

Authorizer Role and Best Practices: Educational Program

- Local Control Accountability Plan (LCAP)
 - Plan Requirements met (templates, metrics, etc.)
 - Authorizers and COE's do not approve a charter school's LCAP
- Student academic achievement and other metrics
 - CAASPP (California Assessment of Student Performance and Progress)
 - California Dashboard
 - Verified Data
 - Other internal metrics
- Credentials and staffing
- Curriculum and instructional methodology



Authorizer Role and Best Practices: Special Education



- Verify special education providers
 - CDE Non-Public Schools and Agencies Certification Data Worksheet
 - <https://www.cde.ca.gov/sp/se/ds/>
- Credentials and staffing
- Individualized Education Plan (IEP) vs. Service Logs
- SELPA Good Standing

Resources

- California Department of Education
 - CAASPP (<https://caaspp-elpac.cde.ca.gov/caaspp/>)
 - California Dashboard (<https://www.caschooldashboard.org/>)
- FCMAT (<https://www.fcmat.org/charter-and-authorizer>)
 - Charter School Accounting and Best Practices Manual (<https://www.fcmat.org/charter-school-manual>)
 - Charter School Oversight Checklist (<https://www.fcmat.org/charter-school-oversight-checklist>)
 - Charter School Health Risk Analysis (<https://www.fcmat.org/fiscal-health>)
- San Diego County Office of Education
 - Authorizer Resources (<https://www.sdcoe.net/charter>)

Questions?

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