

## Charter School Checklist

### Prudent Fiscal Reporting Requirements and Information

#### Background

The primary focus of the Charter School Annual Oversight Checklist is to provide the authorizing agency and charter school with reasonable assurances that adequate management controls are in place for the school's operations, and that the charter school is meeting the requirements of its petition and the memorandum of understanding between it and the authorizing agency. Management controls include the processes for planning, organizing, directing, and controlling program operations, including systems for measuring, reporting, and monitoring performance. The checklist review objectives also include evaluating the policies, procedures and internal controls performed by the charter.

The checklist has been developed as a reference tool to help local educational agencies (LEAs) and the charter schools they authorize address annual oversight responsibilities. The checklist includes specific items designed to provide best practices and to improve the operations of the charter school, as well as space for narrative findings and recommendations related to these items. This oversight checklist can also be used by the charter school to conduct a self-assessment.

The intent of the document is to serve as an initial tool in outlining some of the key responsibilities that both a charter school and an authorizer should consider by providing an objective overview of and checklist for a charter school's operations. It is not intended to be an exhaustive list of charter school operations and responsibilities and creates no procedural or substantive rights for any individual, group, or entity, nor is it intended to be used as the sole determiner of whether a charter school will continue to be authorized.

#### Legal Basis

Existing law established the Fiscal Crisis and Management Assistance Team (FCMAT) to provide fiscal management and assistance at the request of any school district or county office of education. Senate Bill (SB) 430 (Runner) became law in 2006 and permits a county superintendent of schools to request FCMAT to review

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the fiscal or administrative condition of a school district or charter school under his or her jurisdiction. The bill also permits a charter school to request assistance from FCMAT.

California Education Code Section 47600, also known as the Charter Schools Act of 1992, was enacted to provide opportunities for teachers, parents, students and community members to establish and maintain schools that operate independently from existing K-12 school districts. Charter schools are a part of the public school system but differ from traditional public schools because they are exempt from many state laws relating to specific educational programs. Specific goals and operating procedures are detailed in an agreement, or charter petition, between the authorizing agency and the charter school organizers. Charter schools may elect to operate as corporations organized under the Nonprofit Public Benefit Corporation Law of the Internal Revenue Code [26 U.S.C. Section 501(c)(3)].

The authorizing agency is responsible for adequate and appropriate oversight, including determining if a charter school is following prudent business practices and generally accepted accounting principles in accounting for revenues and expenditures and preparing financial reports. The authorizing agency may be a school district, a county office of education, or the California State Board of Education.

**This checklist creates no procedural or substantive rights for any individual, group, or entity, nor is it intended to be used as the sole determiner of whether a charter school will continue to be authorized**

An authorizing agency may revoke a charter school's charter for material violations, including gross financial mismanagement that jeopardizes the charter school's financial stability; illegal or substantially improper use of charter school funds for the personal benefit of any officer, director or fiduciary of the charter school; substantial and sustained departure from measurably successful academic practices that would deny the educational development of the school's pupils; or any violation of any provision of the law.

Education Code Section 47604 further states that an agency approving a petition to operate a charter school that is operated by a nonprofit public benefit corporation shall not be liable for the debts or obligations of the charter school, if the agency has complied with all oversight responsibilities required by law.

FCMAT provides the Charter School Annual Oversight Checklist as a template and tool for authorizing LEAs and is not responsible for the content or answers produced by other entities in response to items on the checklist.

## Acknowledgements

FCMAT acknowledges the original work and significant contributions of the California County Offices of Education Charter Authorizers forum and the Riverside County Office of Education in creating content for this checklist.

## Additional Assistance

For additional assistance, LEAs should contact Anthony L. Bridges, Deputy Executive Officer, CICA, CFE or visit FCMAT's website at [www.fcmat.org](http://www.fcmat.org) and submit an online request for assistance.