



California Pacific Charter School Internal Control Review

June 12, 2014

Joel D. Montero
Chief Executive Officer





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Lisa Newhall, Interim Executive Director
California Pacific Charter Schools
1200 Quail Street, Suite 175
Newport Beach, CA 92660

Dear Interim Executive Director Newhall:

In November 2013, California Pacific Charter Schools and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for an internal control review of the charter's governance, accounts payable and cash receipts/deposits. Specifically, the agreement states that FCMAT will perform the following:

Provide reasonable assurances, based on the review of governance and business practices performed, that adequate management controls are in place regarding the charter's reporting and monitoring of financial transactions. Management controls include the processes for planning, organizing, directing and controlling program operations, including systems for measuring, reporting and monitoring performance. Specific review objectives will include evaluating the board policies and administrative regulations, procedures, internal controls, and transactions performed by the charter related to the following:

1. Governance
2. Accounts payable
3. Cash receipts and deposits

This report contains the study team's findings and recommendations.

We appreciate the opportunity to serve you and extend thanks to all the staff of the California Pacific Charter Schools and EdHive, Inc. for their cooperation and assistance during fieldwork.

Sincerely,

Joel D. Montero

Chief Executive Officer

FCMAT

Joel D. Montero, Chief Executive Officer

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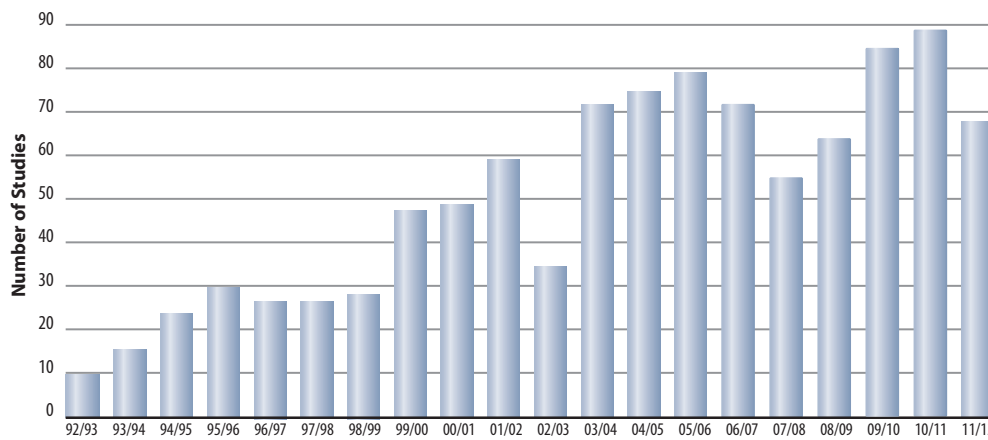
About FCMAT

FCMAT's primary mission is to assist California's local K-14 educational agencies to identify, prevent, and resolve financial and data management challenges. FCMAT provides fiscal and data management assistance, professional development training, product development and other related school business and data services. FCMAT's fiscal and management assistance services are used not just to help avert fiscal crisis, but to promote sound financial practices and efficient operations. FCMAT's data management services are used to help local educational agencies (LEAs) meet state reporting responsibilities, improve data quality, and share information.

FCMAT may be requested to provide fiscal crisis or management assistance by a school district, charter school, community college, county office of education, the state Superintendent of Public Instruction, or the Legislature.

When a request or assignment is received, FCMAT assembles a study team that works closely with the local education agency to define the scope of work, conduct on-site fieldwork and provide a written report with findings and recommendations to help resolve issues, overcome challenges and plan for the future.

Studies by Fiscal Year



FCMAT also develops and provides numerous publications, software tools, workshops and professional development opportunities to help local educational agencies operate more effectively and fulfill their fiscal oversight and data management responsibilities. The California School Information Services (CSIS) arm of FCMAT assists the California Department of Education with the implementation of the California Longitudinal Pupil Achievement Data System (CALPADS) and also maintains DataGate, the FCMAT/CSIS software LEAs use for CSIS services. FCMAT was created by Assembly Bill 1200 in 1992 to assist LEAs to meet and sustain their financial obligations. Assembly Bill 107 in 1997 charged FCMAT with responsibility for CSIS and its statewide data management work. Assembly Bill 1115 in 1999 codified CSIS' mission.

AB 1200 is also a statewide plan for county offices of education and school districts to work together locally to improve fiscal procedures and accountability standards. Assembly Bill 2756 (2004) provides specific responsibilities to FCMAT with regard to districts that have received emergency state loans.

In January 2006, SB 430 (charter schools) and AB 1366 (community colleges) became law and expanded FCMAT's services to those types of LEAs.

Since 1992, FCMAT has been engaged to perform nearly 850 reviews for LEAs, including school districts, county offices of education, charter schools and community colleges. The Kern County Superintendent of Schools is the administrative agent for FCMAT. The team is led by Joel D. Montero, Chief Executive Officer, with funding derived through appropriations in the state budget and a modest fee schedule for charges to requesting agencies.

Introduction

Background

California Virtual Education Partners, Inc. (CaVEP) was formed as a nonprofit public benefit corporation on May 8, 2008 with Kaplan Virtual Education providing educational and management services. CaVEP opened five charter schools as Kaplan Academies for the 2009-10 school year, one each in Southern California, San Diego, North Central California, Central California and San Francisco Bay. At the start of the 2011-12 school year, CaVEP closed the Southern California location and changed the names of the remaining four schools. New schools were added in 2011-12 and 2013-14, and CaVEP reports the following schools under its legal authority for the 2013-14 fiscal year:

1. California Pacific Charter School of San Diego, charter number 1065. It received approval to operate as a charter school through Mountain Empire Unified School District, the authorizing district.
2. California Pacific Charter School North Central California, charter number 1129. The charter received approval to operate as a charter school through Tracy Joint Unified School District, the authorizing district.
3. California Pacific Charter School of Central California, charter number 1111. The charter received approval to operate as a charter school through Corcoran Joint Unified School District, the authorizing district.
4. California Pacific Charter School of Kern, charter number 1337. The charter received approval to operate as a charter school through Semitropic Elementary School District, the authorizing district.
5. California Pacific Charter Schools – Newcastle, charter number 1601. The charter received approval to operate as a charter through Newcastle Elementary School District, the authorizing district.

The five California Pacific Charter Schools (CalPacific) are direct-funded charter schools serving approximately 670 students in the sixth through 12th grades in a nonclassroom-based setting operating in 23 counties throughout California.

California Education Code Section 47600, also known as the Charter Schools Act of 1992, was enacted “to provide opportunities for teachers, parents, pupils, and community members to establish and maintain schools that operate independently from the existing school district structure.” 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, 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)].

While charter schools offer a more flexible school governance model, they are still accountable for student achievement and fiscal management, similar to traditional public schools. The authorizing agency is responsible for adequate and appropriate oversight, including determining whether a charter follows prudent business practices and generally accepted accounting principles in accounting for revenues and expenditures and meeting financial reporting requirements. The authorizing agency may be a school district, county office of education, or the California State Board of Education.

CaVEP's board of trustees is composed of three members, but has had as many as five in the past. In June 2013, the board's actions allowed a significant sum of money to be withdrawn from CalPacific's accounts and electronically transferred to accounts held by others despite the concerns raised by CalPacific's third-party back office services provider, EdHive, Inc. (EdHive). CalPacific's attorneys were not provided with the written agreement for the transfer until after the transaction occurred, and the only signatories on CalPacific's accounts were those of its trustees. CalPacific has since modified its procedures and internal controls; however, these events are the impetus for this study of the charter's internal controls and for determining whether the changes are sufficient.

This report refers to the consolidated charter schools entity as "CalPacific" and its specific components by their proper name or abbreviation to avoid confusion; however, because California Pacific Charter Schools are "operated as a California nonprofit benefit corporation," CaVEP and CalPacific are legally considered to be the same entity.

Study and Report Guidelines

FCMAT visited the charter and its third-party office provider, EdHive, on December 16 and 18, 2013 to conduct interviews, collect data and review documents. This report is the result of those activities and is divided into the following sections:

- Executive Summary
- Internal Control
- Governance
- Organizational Structure
- Accounts Payable
- Cash Receipts and Deposits
- Appendices

In writing its reports, FCMAT uses the Associated Press Stylebook, a comprehensive guide to usage and accepted style that emphasizes conciseness and clarity. In addition, this guide emphasizes plain language, discourages the use of jargon and capitalizes relatively few terms.

Study Team

The study team was composed of the following members:

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Each team member reviewed the draft report to confirm the accuracy and to achieve consensus on the final recommendations.

Executive Summary

California Pacific Charter Schools (CalPacific) serves approximately 670 students in 23 counties through nonclassroom-based instruction in five charter school locations. CalPacific operates under the legal authority of California Virtual Education Partners, Inc., a California nonprofit public benefit corporation and began its charter school operations in the 2009-10 school year. Because CalPacific's services to students are provided online, there are no physical classrooms, and the only actual facility is the administrative office. This office has minimal staffing, and the charter employs a back office provider, EdHive, to process business office transactions and prepare financial reports.

In June 2013, the board's actions allowed \$750,000 to be withdrawn from CalPacific's accounts and electronically transferred to accounts held by others. These events are the impetus for FCMAT's study of the charter's internal controls.

FCMAT's review found that the charter's control environment is lacking in the areas of governance, accounts payable, and cash receipts and deposits. Because of the board's June 2013 actions, it is crucial for the charter to develop a code of ethics and communicate its expectations on standards of conduct to the administration and staff. Fraud prevention is a key component of internal control, and it is important for staff to know the proper protocol available to report possible instances of fraud. Basic policies and procedures manuals as well as desk manuals should be developed. Policies and procedures manuals provide an opportunity to plan and diagram internal controls and written standards for the business office and other charter employees, while desk manuals ensure consistent application of internal controls and designate the responsibilities each position(s) holds in internal control.

The charter's entire board resigned and was replaced in the last quarter of the 2013 calendar year. Despite CalPacific's charter petition stating that the school will adopt policies to assist in school operation, few have been developed. The lack of board policies and administrative regulations on the criteria for board member selection added to the difficulty in finding qualified members. The charter did not hold consistently scheduled board meetings despite the fact that the June 2013 funds transfer and trustee replacement were under board consideration. Lack of regularly timed meetings can cause confusion. Holding regular meetings, along with special meetings scheduled as needed, would help to involve employees, parents, and the community. The removal and replacement of board members also requires additional filings of Form 700, statements of economic interests, but most of these either did not occur or did not occur within prescribed timelines.

New board members require training even if they have been on the board before or served somewhere else. Specifically, the board should be able to determine issues related to The Brown Act such as deciding which items should be heard in closed sessions and following the requirements for telephonic meetings. A review of CalPacific's board agendas and minutes found that some items were heard in closed session even though they were legally required to be presented and discussed in open session, and telephonic participation sometimes did not follow Brown Act rules.

An institution's organizational structure should establish the framework for leadership, lines of communication and the delegation of specific duties and responsibilities for all staff members. However, the organizational chart provided to FCMAT did not include all the charter's positions and included confusing lines of authority as well as job duties.

Accounts payable was of particular concern in authorizing this study because of the circumstances and amount involved in the June 2013 funds transfer. While CalPacific has hired EdHive to process its business transactions and prepare its financial statements, the charter retains responsibility for them and should structure internal controls to protect those assets. Unfortunately, the charter lacks an office manager to oversee business transactions, which adds to the risks and lapses in this area. The position of the office manager should be immediately filled. FCMAT's review of the charter's internal controls for accounts payable, including purchasing, found the following areas to be of particular concern:

- No process or procedure has been established on the use of bids or quotes in purchasing.
- There is no preapproval or encumbrance system, which can lead to unauthorized purchases and overspending.
- Not all related party transactions had been reported to auditors.
- The charter does not review entries into its QuickBooks system of accounting even though read-only access has been provided by EdHive.
- Invoices are paid without evidence of individual review and approval.
- Excessive credit card limits have been established and credit card statements are processed for payment without all receipts to verify the charges were for charter school business only.
- A single signature is used to negotiate a check, and a signature stamp is available if the sole signatory is unavailable for a wet signature.
- There is no inventory system for assets and equipment purchased.

Cash receipt and deposit internal controls also need revision such as the following:

- There is no control list of cash receipts.
- Checks received are placed in an unsecured bin on a wall.
- Interim administrative staff lack the knowledge or training in cash collection procedures.
- No reconciliation occurs between the control sheet and the deposits made to the charter's accounts.
- No one at CalPacific reviews the bank reconciliations or charter's general ledger to ensure proper recordation.
- An office manager would provide additional scrutiny to decrease the risks inherent in having a small charter school staff.

Findings and Recommendations

Internal Control

The term “internal control” is clearly defined by the accounting industry as it applies to organizations, including school agencies. An organization establishes control over its operations by setting goals, objectives, budgets and performance expectations. Several factors influence the effectiveness of internal controls, including the social environment and how it affects employees’ behavior, the availability and quality of information used to monitor the organization’s operations, and the policies and procedures that guide the organization. Internal control helps an organization obtain timely feedback on its progress in meeting operational goals and guiding principles, producing reliable financial reports, and ensuring compliance with applicable laws and regulations. Internal control provides the means to direct, monitor, and measure an organization’s assets and resources and plays an important role in protecting it from fraud, abuse or misappropriation.

All educational agencies should establish internal control procedures to accomplish the following:

1. Prevent management from overriding internal controls.
2. Ensure ongoing state and federal compliance.
3. Assure the governing board that the internal control system is sound.
4. Help identify and correct inefficient processes.
5. Ensure that employees are aware of the expectation that proper internal controls will be utilized.

Internal control has five components:

- Control Environment is the tone of the organization and influences employee behavior. It is the foundation for all other components of internal control.
- Risk Assessment identifies and analyzes the risks that the organization will not achieve its objectives. This component forms the basis for how these risks should be managed.
- Information and Communication require systems that identify, gather and exchange information in a format and a time frame that enable the people in the organization to successfully perform their duties.
- Control Activities help ensure that management directives are carried out. Control activities are also designed to avoid errors or irregularities or find them after they have occurred.
- Monitoring is used to assess the quality of internal control performance over time.

Each person in an organization is responsible for internal control in some capacity because nearly everyone either produces information used by the internal control system or takes action to implement organizational control. Further, each individual should take responsibility for appropriately communicating problems in operations, noncompliance with policies, or illegal actions. Ultimately, internal control should pervade every level of the organization; however, charter administrators and program managers, governing board members and auditors have particular roles to play.

As the organization's leader and chief executive, the superintendent sets the organizational tone that influences all decisions and activities and the internal control mentality of its employees. Factors that contribute to a positive control environment include integrity, ethical values, management philosophy and operating style, organizational structure or configuration, assignment of authority and responsibility, and employee expertise and proficiency.

The chief business official oversees the integration of all five internal control components into one cohesive structure. The administrative team provides leadership and direction to managers and reviews and gives them feedback on their internal control decisions. In turn, the managers assign the responsibility for establishing specific internal control policies and procedures, control activities and monitoring of the personnel responsible for unit functions.

The governing board works as a group to provide governance, guidance and oversight. Individual board members particularly enhance the control environment when they are informed, free of bias, inquisitive, conduct themselves in a principled and ethical manner, and expect the same standard of conduct from everyone in the organization.

Independent auditors assess whether the controls are properly designed and implemented, and monitor whether the controls are working effectively. They also make recommendations for improving internal controls.

The charter recently experienced major changes in leadership with the replacement of the entire board of trustees in October and November 2013. Changing leadership brings new ideas and approaches about how processes should be performed. Although leadership changes can be stressful, the charter and back office provider staff interviewed by FCMAT were generally engaged, thoughtful, open and responsive.

As the charter moves through changes in organization, it should perform the following:

- Solicit feedback on communication practices.
- Provide a set of guidelines for effective communications.
- Establish a variety of communication avenues such as employee surveys, meetings, and an email suggestion box.
- Develop communication networks such as Facebook or Twitter.
- Implement regular communication from the superintendent regarding the charter's direction, plans, goals, and obstacles.
- Encourage attendance at meetings or trainings.

Clear contact points, such as a specific staff member, should be designated for particular issues. Increasing opportunities for coordination between all employees in the charter and with professional colleagues outside the charter will promote a stronger association with goals and objectives and an understanding of obstacles that are common throughout public education in California. This is especially important because of the charter's online system of education, with employees that do not interact with one another daily.

FCMAT found that the charter's control environment is lacking in the business office. The charter has not adopted board policies regarding a code of ethics and professional standards, and in most instances, there are no written policies and procedures on internal controls. This report focuses on providing assistance with the charter's written policies and procedures as they relate to administrative office functions. The charter's control environment would be further strengthened by communicating to employees that they are expected to comply with all policies

and procedures, code of ethics and standards of conduct as well as control environment philosophies. These philosophies include:

- Personal and professional leadership is based on the highest levels of integrity.
- Leadership philosophy and operating style promote internal control throughout the charter.
- Accountability is enhanced assigning authority and responsibility at the highest possible level.
- The charter's policies and procedures reflect its internal control objectives and are strictly followed.
- All employees know and understand charter policies and procedures as well as those specifically related to the area in which they operate.
- Employees are aware of their internal control responsibilities.
- Fraud (embezzlement, stealing, misuse of equipment, technology or supplies, etc.) is not tolerated.
- Employees are responsible to continually self-monitor operations and job performance.

Occupational fraud is a global problem in business. A recent study by the Association of Certified Fraud Examiners concluded that organizations lost up to 5% of their annual revenue to fraud. The sectors most commonly victimized in the study included government and public administration. The study, completed in 2012, examined 141 cases in government and public administration, which represented 10.3% of the total cases included in the study. The median annual loss amount for the government and public administration organizations studied was \$100,000. Given the high costs of occupational fraud, all organizations should have a strong fraud prevention and detection program.

Fraud and the misuse of physical or cash assets occur when three factors converge: pressure or motive, opportunity, and rationalization or lack of integrity. This is known as the "fraud triangle." When two of the three factors are present, the probability that fraud will occur increases. When all three factors are present, it is almost certain that fraud will occur.

The opportunity for fraud varies throughout the charter depending on the duties assigned to an employee. Rationalization and lack of integrity are more likely to be present in organizations that do not implement and/or promote anti-fraud policies.

Ongoing employee education can help prevent and detect occupational fraud; however, the charter does not have an employee training and awareness program. Employees should be regularly trained in what constitutes fraud, how it hurts everyone in the organization, widely found fraud schemes, and common behavior signs. Employees should have several avenues for reporting improprieties and should be encouraged not to ignore warning signs. Risk awareness training about suspicious situations that merit reporting will help create a charterwide culture that supports appropriate reporting.

The charter should also implement common fraud detection methods such as an anonymous employee hotline, surprise audits or fraud risk assessments. Knowing that someone is checking or could anonymously report suspicious behavior can deter fraudulent activity.

As is common in smaller entities, the risk assessment component of internal control at CalPacifi c has been assigned to its independent auditors as part of their annual audit. However, the scope of the auditors' review is limited to consideration of internal control as a basis for designing audit procedures. Consequently, independent auditors do not express an opinion on the effectiveness of the charter's internal control, and they should not be the charter's only approach to monitoring internal controls.

The study team reviewed the charter's independent audit reports for the past four fiscal years. The 2012 and 2013 audit reports included material weaknesses in the internal control over financial statement reporting, and the 2012 audit identified material weaknesses in compliance with state programs. These weaknesses could result in a material misstatement of the financial statements or in material noncompliance with a program requirement because the charter's internal controls could not prevent, detect, and correct problems in a timely manner. Further, the audit reports for two years cite instances of significant deficiencies in internal control. Some of these findings and recommendations occur in more than one year, such as issues with cash disbursements. Findings and recommendations from the independent auditors should elicit a response from the charter. Consistent review and follow-up by the board on audit findings and exceptions will help strengthen the charter's control activities.

The following basic concepts and procedures help ensure a strong internal control structure:

- System of checks and balances – Formal procedures should be implemented to initiate, approve, execute, record and reconcile transactions. The procedures should identify the employees responsible for each step and the time period for completion. Key areas requiring checks and balances include payroll, purchasing, accounts payable and cash receipts.
- Segregation of duties – Adequate internal accounting procedures must be implemented and necessary changes made to segregate job duties and protect the charter's assets. No single employee should handle a transaction from initiation to reconciliation, and no single employee should have custody of an asset, such as cash, and maintain the records of its transactions.
- Staff cross-training – More than one employee should be able to perform each job. Each staff member should be required to use accrued vacation, and another staff member should be assigned to perform those duties at that time. Inadequate cross-training is often a problem regardless of the size of an organization.
- Use of prenumbered documents – Checks, cash receipts, purchase orders, receiving reports, and tickets should all be printed by an entity independent of the charter. Physical controls should be maintained over the check stock, cash receipt books and tickets. Using prenumbered documents without an independently reconciled log of numbers is insufficient.
- Asset security – Cash should be deposited daily, and the charter's other property, such as computers and other equipment, should be secured. Access to supplies, including but not limited to stores, food, tools, and gasoline, should be restricted to designated employees.
- Timely reconciliations – Bank statements and account balances should be reconciled monthly by an employee independent of the individual who is assigned to the original transaction and recording. For example, the office employee reconciling the checking account should not be the same person who maintains the check stock.

- Comprehensive annual budget – The annual budget should include sufficient detail for revenue and expenditures by school site, department and resource to identify variances and determine whether financial goals were achieved. Material variances in revenues and expenditures should be investigated promptly and thoroughly.
- Inventory records – Inventory records should be maintained that identify the items and quantities purchased, sold or designated as surplus. Physical inventory should be taken periodically and reconciled with inventory records. Inventoried items particularly susceptible to misappropriation include: computer equipment, warehouse supplies, food service commodities, maintenance and transportation parts and student store goods.

With the changes to the board and departure of the office manager, the charter has determined the need to review processes and procedures on governance, accounts payable and cash receipts/deposits and to cross-train business and administrative office staff. Cross-training can be difficult in small charters; however, at least one additional employee is being trained in accounts payable and cash receipts so she can temporarily perform critical duties since the departure of the office manager. This process will need to continue once the new office manager is hired so that office functions can continue in the event of illness, vacation or resignation. This will enable the charter to continue essential business office functions without interruption.

The charter lacks desk manuals that include step-by-step procedures for business-related job duties. Desk manuals ensure consistent application of internal controls and designate the responsibilities of each position(s) in internal control.

Similarly, a business department policies and procedures manual provides an opportunity to plan and diagram internal controls and written standards for the business office and other charter employees to follow. Desk manuals and business department policy and procedure manuals are especially helpful for new staff. They can provide training, help preserve institutional knowledge, and effectively document and monitor segregation of duties charterwide. These manuals should be made available to the all charter employees to assist with processes and standards regarding business transactions and best practices. The charter's 2012-13 Faculty Handbook for Employees contains some of these policies and procedures, but the best practice is to have a separate manual specific to the business office.

Departures of staff often require new staff to frequently access charter records. With the resignation of the office manager, charter staff reported that they had difficulties in locating records, business records were not effectively organized, and historical information was not readily available. Employees should be responsible for safekeeping, organizing, and ensuring access to important records related to their duties. Each employee's supervisor should oversee his or her work performance in this area. The charter can use various effective methods to organize documents. Charter schools are not subject to the California Code of Regulations (CCR) – Title 5, Commercial Code and Government Code that establishes records retention guidelines for California school agencies, but these can still serve as a best practice. The California Department of Education (CDE) states in its charter school closure process that “[p]rovisions for the authorizing entity to maintain all school records, including financial and attendance records, should reflect the timelines stated in 5 CCR, sections 16023-16026.” Under California Code of Regulations -- Title 5, Sections 16020-16027, records are categorized as either Class 1 - permanent records, Class 2 - optional records or Class 3 - disposable records based on the following criteria:

- Class 1 - Permanent Records: The original or one exact copy, unless microfilmed, of these records is required to be retained indefinitely. These records are specified in Section 16023 of the Education Code and include, but are not limited to, items such as all J-Forms, most payroll records and the summary of expenditure and construction progress.
- Class 2 - Optional Records: These are not required by law to be retained permanently but deemed worthy of further preservation as specified in Section 16024. This classification includes, but is not limited to, the consolidated application, architect agreements, and vendor files.
- Class 3 - Disposable Records: The required retention periods and procedures for destruction or transfer of these records are specified in Section 16025 and include items such as purchase orders, requisitions, and garnishments.

Recommendations

The charter school should:

1. Improve communication practices, identify measurable objectives, and implement strategies to achieve those objectives.
2. Develop and adopt a code of ethics policy and internal control policies.
3. Communicate to every employee that he or she is expected to comply with all policies and procedures, code of ethics, and standards of conduct.
4. Develop and implement ongoing employee fraud prevention training programs.
5. Develop and implement fraud detection methods.
6. Review and follow up on any audit exceptions or management letter findings or recommendations, descriptions of corrective actions or plans to correct items.
7. Ensure that employees are cross-trained in all key areas of responsibility.
8. Develop desk manuals of employee duties; ensure that each employee includes step-by-step procedures for all assigned duties in his or her desk manual.
9. Create a policies and procedures manual for the business department.
10. Ensure that each employee understands his or her responsibility for records retention. Provide education and dedicated time, as needed, to ensure the charter complies with the record retention requirements it specifies.

Governance

Board policies and administrative regulations are based on laws and regulations in numerous documents, including the California Constitution, Education Code, Code of Regulations, Government Code, federal regulations, case law, and industry practice. Although charter schools are exempt from many Education Code requirements, they must also adhere to many rules and regulations. Board policies and regulations provide guidelines and directives for the operation of the charter and its personnel and are a key component of internal controls. It is important to ensure the board policies are updated to reflect changes in legislation.

In designing board policies and administrative regulations, management is responsible for designing and implementing a system of internal controls over financial reporting. This system should provide reasonable assurance that misstatements and/or noncompliance affecting the financial statements are prevented or detected and corrected through normal operating procedures. When adopting board policy, the charter should carefully consider the specific guidelines that promote behavior that secures the assets of CalPacific from misuse or fraud.

As a part of this study, FCMAT requested copies of CalPacific's board policies and administrative regulations; however, few exist despite the charter's petition paragraph C.2. on legal and governance structure. This petition states that the charter

...will be governed by a set of mission-driven policies and procedures to help staff and administrators perform their daily responsibilities with a focus on the school's mission. The school's bylaws, adopted by the governing board, will be the primary policy document dictating board practice and operations. The bylaws will explicitly delineate the procedure for election and appointment, removal and vacancy of governing board members, and policies and procedures for conducting board meetings and general board operations.

Twelve of the 13 board policies provided to FCMAT related to business matters such as travel policies, signature authority, processing credit card statements or reimbursements, and the 13th related to student records. This indicates that the charter does not have guidelines and directives for areas such as cash and investments, community relations, superintendent/administration, additional business office procedures, records retention and public records act requests. Guidelines and directives for attendance, student discipline, student acceptable use policy and human resources are contained in other documents such as the Student/Parent Handbook 2012-13 and Faculty Handbook 2012-13. Implementation of a comprehensive set of policies and regulations can be time-consuming for the charter staff and expensive because of the need to involve legal counsel in numerous areas. Many school districts avoid these issues by utilizing a policy subscription service such as the California School Boards Association's (CSBA's) GAMUT service, which is now offered to charter schools. However, the policies have not yet been tailored explicitly to charters.

A specific concern is the lack of a board bylaw on the criteria that CaVEP should use to select board members although some selection procedures are contained in the charter's petition paragraph C.2. This is even more important because board members made the June 2013 transfer of funds. When it was determined that the money involved in the funds transfer would not be returned, one board member was removed at the charter's October 9, 2013 board meeting, and the other two resigned before the October 25, 2013 board meeting. However, minutes of that meeting do not indicate that the board accepted those resignations. Because of the shortened timeframe between the prior board members' departure and the immediate need to replace

trustees, CalPacific sought assistance in selecting board members from the charter's third-party back office provider, EdHive. The charter's current board members are all located in San Diego. However, Education Code Section 47604 allows a single representative of the chartering authority's governing board to serve on the charter's nonprofit benefit corporation's board, and CalPacific serves students from the entire state. Therefore, the selection criteria should also consider a board member's geographical location, the possible inclusion of an authorizing agency designee, evaluation of the board member's expertise in schools, and possible background and reference checks.

To help attract and retain board members, CalPacific elected in October 2013 to start paying its trustees a stipend of \$250 per meeting. Board members were required to attend the meeting to qualify for the payment. The Education Code does not indicate whether charter schools must comply with Section 35120, which allows school districts to provide board members annual compensation based on the district's average daily attendance (ADA); however, Education Code Section 47605(b)(5) requires charter schools to include a "governance structure of the school" in its charter petition. Language allowing board member compensation should be included in the charter petition or bylaws. A review of CalPacific's charter petition shows it does not include language on the payment of board members, and Article VII, Section 19 of CaVEP's bylaws states the following:

Directors will not receive compensation for their services as directors or officers, but shall be entitled to reimbursement of expenses as the Board of Directors may establish by resolution to be just and reasonable as to the corporation at the time that the resolution is adopted.

Interviews of charter administrators and board members found that they are uncertain about the length of board members' terms. This topic is also discussed in paragraph C.2. of the charter's petition.

CalPacific's administrators and board members recognize the benefits of board training. While one of the new board members also serves on the board of another charter school, all expressed their enthusiasm for receiving board training. Training can be obtained in various ways, including having charter administrators conduct sessions, and receiving instruction from the charter's attorneys and outside vendors such as through the CSBA's masters in governance program. However, utilizing outside vendors may provide a larger breadth of topics and self-paced programs as well as a cost savings.

The charter does not post the board meeting schedule to its Web page. The schedule provided to FCMAT omitted many regular and special meetings and agendas, and the minutes are unclear on the date of the next board meeting. Regular board meetings are scheduled or occur at intervals that range between one to nine weeks for the 2013-14 school year, and four additional special or emergency meetings have been held. Minutes of the September 26, 2013 board meeting, which were incorrectly labeled and should have read September 24, 2013, showed that the next meeting would be on October 23, 2013; the October 9, 2013 special meeting indicated the next meeting would be on October 24, 2013 but no meeting was held on that date; a special board meeting occurred on October 25, 2013. Because these meetings occur sporadically, actual meeting dates are unclear, and the board meeting schedule is not posted to the charter's website, it is difficult for those interested to participate and for the charter to attend to regular business such as approving monthly expenditures. Most educational agencies hold board meetings on a regular pattern, for example on the first Wednesday of each month.

FCMAT's review of the charter's board agendas found that trustees are often required to participate in meetings telephonically. For the October 9, 2013 meeting, all board members attended via telephone. Chapter III.4. of The Brown Act, Open Meetings For Local Legislative Bodies 2003 published by the California Attorney General's Office states that the following must occur for telephone conference participation by board members:

- The homes or offices used in the teleconference must be open to the public and accommodate any member of the public who wishes to attend the meeting from that home or office.
- The teleconference location must be accessible to the disabled.
- An agenda must be posted at each teleconference location.
- The teleconference location must be listed in the agenda.

The charter's board agendas did not always list the teleconference locations, and it is unknown whether these locations could accommodate the disabled or agendas were properly posted.

Many of the charter's board agenda items related to closed session reference a paragraph and subsection of "Section 54956.9," but do not indicate which body of law is cited. A review of board agendas for the August and September 2013 meetings found that many items listed in the closed-session section should be heard and discussed in open session such as consultant contracts, vendor contracts, staffing, job descriptions and the board's meeting calendar. Additionally, the board entered into a severance agreement with an employee at its October 2013 meeting; however, meeting minutes do not reflect that the board approved this agreement. It is also unknown whether this item was discussed in closed or open session; however, if the board acted upon the item or approved an agreement, that fact should have been reported in open session.

The filing of the California Fair Political Practices Commission's statement of economic interests (Form 700) is to occur at various times coinciding with events in the educational agency. Most often, these are calendar year filings; however, they are also required to occur within 30 days of assuming or leaving office or within 30 days of the effective date of a newly adopted or amended conflict-of-interest code. Three CalPacific events warranted the filing of Form 700s: Annual filings for the 2012 year, due on April 2, 2013; the departure of five board members; and assumption of five new board members to office in 2013.

FCMAT's review of the Form 700 filings provided by CalPacific shows the following:

- For the 2012 annual filings with a filing deadline of April 2, 2013:
 - One trustee did not complete a filing for the 2012 year because he died unexpectedly; however, his death occurred after the April 2, 2013 deadline.
 - All the other Form 700s filed for 2012 included signatures dated in May 2013, which misses the April 2, 2013 filing deadline.
- For the five officers who assumed office in 2013:
 - One was filed with the date of assumption to office left blank.
 - One was filed indicating that the board member had no reportable interests to be disclosed. This Form 700 was for the trustee who was involved in the June 2013 wire transfer and was purported to be a principal partner in the entity that accepted the funds.
 - Three filed the required statements late.

- Of the five officers who left office during 2013, two did not file a Form 700, two filed the forms after the 30-day deadline, and one “amended” their assumption filing to include their departure..
- The California Fair Political Practices Commission has no provisions for extending filing deadlines and imposes fines and penalties on those who miss them. The commission may impose individual late filing penalties of \$10 per day, up to a maximum of \$100, as well as a fine of up to \$5,000 per violation.

Recommendations

The charter school should:

1. Develop board policies and administrative regulations.
2. Develop criteria for board member selection.
3. Immediately consult with its legal counsel regarding rescinding and repayment of board member compensation.
4. Follow the charter petition regarding board member terms.
5. Train board members in areas such as the board’s role, governance, board policy, school finance, human resources, and community relations.
6. Develop a regular monthly schedule for board meetings and post it on the charter’s website.
7. Ensure telephonic participation by board members in board meetings complies with The Brown Act.
8. Engage its legal counsel to review board agendas to ensure clarity and legal compliance.
9. Promptly file statements of economic interests for officers who have vacated or assumed seats on its board during 2013.
10. Develop internal deadlines for receiving January 1, 2013-December 31, 2013 statements of economic interests for current board members to comply with the filing deadline.
11. Carefully examine all statements of economic interest to ensure they contain complete disclosures.

Organizational Structure

A charter's organizational structure should establish the framework for leadership, lines of communication and the delegation of specific duties and responsibilities for all staff members. This structure should be managed to maximize resources and reach identified goals and should adapt as the charter's enrollment changes. The charter should be staffed according to basic, generally accepted theories of organizational structure and the standards used in other school agencies of similar size and type. The most common theories of organizational structure are span of control, chain of command, and line and staff authority. (Principles of School Business Management, Association of School Business Officials, Inc.)

Span of Control

Span of control refers to the number of subordinates reporting directly to a supervisor. While there is no agreed-upon ideal number of subordinates for span of control, it is generally agreed that the span can be larger at lower levels of an organization than at higher levels because subordinates at the lower levels typically perform more routine duties, and therefore can be more effectively supervised.

Chain of Command

Chain of command refers to the flow of authority and communication process in an organization and is characterized by two significant principles. Unity of command suggests that a subordinate is only accountable to one supervisor, and the scalar principle suggests that authority and responsibility should flow in a direct vertical line from top management to the lowest level. The result is a hierarchical division of labor.

Line and Staff Authority

Line authority is the relationship between supervisors and subordinates. It refers to the direct line in the chain of command. For example, the superintendent has direct line authority over the principals, and the principals have direct line authority over their teaching staff. Conversely, staff authority is advisory in nature. Staff personnel do not have the authority to make and implement decisions, but act in support roles to line personnel. The organizational structure of local educational agencies contains both line and staff authority.

The purpose of the organizational structure is to help charter management make key decisions to facilitate student learning while balancing its financial resources. The organizational design should outline the management process and its specific links to the formal system of communication, authority, and responsibility necessary to achieve the charter's goals and objectives.

FCMAT's review of the charter's organizational chart found that the charter school only recently developed the chart and does not include all the positions at CalPacific. The charter had an office manager, but that person unexpectedly left CalPacific in the fall of 2013, and the director of student services temporarily absorbed the related duties. The January 9, 2014 board agenda shows that the board is considering hiring a part-time office manager; however, the organizational chart does not show this as a position in the organization.

Closer examination of the chart shows that it includes job duties and lines of authority. Job duties are more appropriately contained on job descriptions. The chart's lines of authority are somewhat unclear because they include turns instead of straight lines and in one instance, show two lines of authority to depict one relationship.

A well-crafted organizational chart should reflect all positions. Excluding lower-level positions implies that they are not a part of the organization and makes it difficult for staff to understand the chain of command. A separate chart can reflect the program/services in each department to minimize confusion.

Recommendations

The charter school should:

1. Review and revise its organizational chart as changes occur.
2. Remove job duties from its organizational chart and capture them in job descriptions.
3. Ensure lines of authority are clearly depicted in the organizational chart.
4. Ensure that all positions are included on the organizational chart.

Accounts Payable

Because CalPacific offers online services to students, its administrative offices staffing is minimal, and the charter employs EdHive to process transactions and prepare financial reports. The office manager is the key person in the charter organization who would perform accounts payable duties. However, the office manager position is vacant, and the director of student services temporarily assumed these duties. The charter school is reviewing the office manager's duties and the time necessary to perform them to determine whether the position should be full- or part-time when it is posted and filled. Depending on whether the charter has acted before the publication of this report, the position's hours may need to be revised based on the document's recommendations.

CalPacific's 2012-13 Faculty Handbook for Employees indicates support staff are preapproved to make purchases of less than \$50 for shipping, paper, and ink cartridges. Higher expenditures require the superintendent's approval. The manual further states that the support staff seek reimbursement for items purchased. Individuals who work in the charter's administrative office use the charter's credit card for purchases; however, items outside of these parameters are handled via contract and/or invoice to the charter. These include, but not are limited to insurance, legal fees, information technology (IT) services, utilities, auditors, back office provider, and postage.

Although charter schools are not subject to Public Contract Code, these regulations provide a framework and best practices that can be used to assure the public that expenditures of public funds are prudently made.

Specifically, the Public Contract Code Sections 20111, 20651 and 22002 require local educational agencies (LEAs) to formally bid and award to the lowest responsible bidder contracts involving the expenditure of more than \$50,000 adjusted for inflation, which was set at \$84,100 effective January 1, 2014. Limits are reduced to \$15,000 for the construction, reconstruction, erection, renovation, alteration, renovation, improvement, demolition and repair of publicly owned leased or operated facilities. The \$15,000 limit is not subject to inflation indexing. These thresholds apply to purchases of equipment, materials or supplies to be furnished, sold or leased as well as services and repairs that are not construction services.

Code Section 20116 further prohibits splitting or separating into smaller work orders or projects any work, project, service or purchase for the purpose of evading the law requiring competitive bidding.

Although CalPacific staff reported that there had been no recent need for request for proposal (RFP) or request for qualifications (RFQ) documents, the charter has used them in the past. However, there are no policies regarding when these can be used or when to obtain quotes. Previous board members commented that they had decided on service providers before board discussion or action on the item, according to CalPacific staff. This is of particular concern because a contract for Web support and computer purchases was awarded to a company where a CalPacific employee's spouse holds a management position. The contract has exceeded approximately \$180,000 in expenditures.

These types of transactions are called "related party transactions." While they are not illegal and the employee involved in the Web support and computer purchases has no power to award contracts, they should be divulged to the board and public when contracts are awarded and specifically disclosed to CalPacific's auditors for inclusion in the audited financial statements.

The best bidding practice is to adopt board policy as well as business office policies and procedures to determine whether the charter will follow Public Contract Code, the dollar level for quotes used in nonpublic works expenditures, the number of quotes required per expenditure, the rubrics for evaluating bids/quotes, and templates for board actions to award bids/quotes/projects. Templates and examples of these items as well as instruction on their use and retention are best obtained from the charter's attorneys to ensure compliance with all applicable laws and regulations.

While the faculty handbook covers preapproval of purchases, the charter school's accounts payable process does not utilize a purchase order system to requisition and preapprove purchases with a dollar amount that immediately affects the budget. The lack of preapproval was noted in the charter's 2012-13 audited financial statements; audit finding 2013-2 reported that 22 of the 25 samples tested, or 88%, had no proper preapproval. In an attempt to resolve this problem, the charter on June 5, 2013 adopted a board policy that allows the superintendent to oversee the budget, preapprove all CalPacific related expenditures included there, move funds from one category to another, and expend funds in the adopted budget. However, the new policy does not mitigate this issue, and the lack of a well-defined preapproval or purchase order system remains. According to the board policy as well as interviews of CalPacific staff, the only preapproval required is for the overall budget category to have sufficient funds for the purchase at the time the invoice is paid. Without an encumbrance system, this practice does not consider other expenditures that could allow funds to be spent several times. Charter and EdHive staff reported that EdHive has assumed the responsibility of monitoring budget lines and making any necessary transfers. The superintendent and charter board are updated as financial reports are presented to them. While EdHive's review of the budget provides additional monitoring to prevent overspending, budget monitoring is an accounts payable management function that the charter should also perform at the preapproval stage to avoid overspending.

Because the charter's services to students are online, most accounts payable items are either for a reimbursement or a service. The only orders placed that require delivery directly to the charter offices are those for the administrative office staff. One member of the office staff places the order, and goods are received at the administrative offices. Vendor invoices are also received at the administrative offices, where they are scanned and emailed to EdHive for payment processing, and the originals are filed in a binder. FCMAT's review of the original invoices found that none acknowledged that the goods or services were received or included a signature approving payment.

Many items processed in accounts payable are reimbursements to employees, most CalPacific reimbursements are for travel costs. The charter has adopted some policies on travel reimbursements and the use of charter-issued credit cards and authored a section in the employee handbook on travel expenses; however, the board policies and handbook do not mirror one another. Adopting an inadequate travel expense and credit card reimbursement policy can increase overhead costs, affect workforce morale and encourage behavior that is not in the charter's best interest such as the purchase of an extravagant meal. It is important to consistently identify the basic rules and options of travel expense reimbursement in both documents, so employees and board members can choose the most efficient plan for travel and expenses such as the following:

- Maximum reimbursable rates for car rental or mileage, hotel accommodations and meals. The charter's employee handbook provides parameters for hotel accommodations and meals as well as meal per diems. However, those items are not included in board policies. The charter's board policy should also not cite a specific mileage reimbursement rate,

but tie the amount to the established IRS rate. This will avoid the necessity of updating the policy each time the IRS rate changes. Another problem arises when the charter's rate exceeds that of the IRS. The difference paid to the employee is considered taxable employee wages subject to inclusion on the employee's W-2. The same holds true for excess per-diem meal amounts that exceed the IRS established rates, which are \$46 per day in most small localities, but higher in the areas listed at [www.gsa.gov/per diem](http://www.gsa.gov/perdiem). While CalPacific's daily per diem rate exceeds that of the IRS, this risk is avoided as long as the actual cost of meals is reimbursed.

- A requirement that any staff member requesting travel must complete a travel request form providing complete information on the trip, including the purpose and cost prior to incurring the expense. The travel request form would also provide evidence of preapproval. Under the terms of the employee handbook, "[e]mployees are preapproved to expense those costs associated with traveling for school-related purposes including testing and professional development." Such a policy does not provide an adequate budget control for travel expenditures.
- A submission deadline for travel reimbursement. Some entities require the reimbursement to be submitted within a specified number of days from the return from travel. Others require them to be submitted monthly. Whatever interval is chosen, it should not allow too much time to pass so that reimbursement expenses are entered timely into the charter's financial records.

The charter should also have specific rules and policies on credit card use. Credit cards are typically issued to employees so that they can purchase from vendors that may not accept purchase orders, or to expedite purchases such as conference registration fees. The best practice is to provide a purchase order (for encumbrance), seek prior approval for all credit card purchases, and closely monitor their use. Many educational agencies also require staff members with credit cards to sign a user agreement to help prevent misuse. An effective agreement requires the individual to acknowledge receipt of the card and agree to the charter's terms for use and for reimbursement procedures. A sample user agreement is attached as Appendix A to this report.

The charter issued two credit cards to charter administrators, including the superintendent and principal. The card used by the superintendent has a \$2,000 limit and the one used by the principal has a limit of \$30,000, which appears excessive; however, an amount of approximately \$15,000 is necessary for travel arrangements for staff meetings in September and October.

The charter's credit card policy requires receipts to be included with each statement, but those submitted without receipts are paid, and the unreceipted items are tracked, leading to possible revocation for habitual offenders. Interviews with both CalPacific and EdHive staff indicated that there are problems in this area. Timely submission of receipts for credit cards is extremely important. Failure to submit original receipts prevents credit card statements from being properly reviewed and approved, makes it impossible to enter expenditures into the charter's financial records in a timely manner, and keeps the statement from being paid before interest and late fees are applied. FCMAT's review of charter reimbursements and credit card statements found the following:

- Many receipts were lost.
- Some lacked the signatures of the credit card user to confirm they are true, correct and for business purposes only.

- Some were not reviewed and were sometimes submitted in batches encompassing many months.
- Approval of the superintendent's reimbursements occurred through an e-mail message rather than a signature on a form.

Authorizations are best applied directly to the documents being approved. Using an e-mail as an approval increases the likelihood that the two will become separated, and a board member should be used as an approver only for reimbursements to the superintendent when the office manager is unavailable.

In addition to the purchases paid via check and credit card, the charter also previously allowed debit card transactions for expenditures of less than \$100 each. Because they are not included in the financial records and budget until the bank statement is received, these items can have a significant impact on the budget and cash flow. The practice of allowing debit card transactions has been terminated.

CalPacific relies entirely on its back office provider, EdHive, to code and post expenditures to its general ledger according to the guidance contained in the California School Accounting Manual and as required in its chartering documents. While EdHive offers online, read-only access to the charter's QuickBooks general ledger, no one at the charter utilizes this to monitor the accounts, review transactions, and ensure proper coding of expenses. This practice would also ensure reports from the software conform to the charter's needs and provide additional oversight of its assets.

EdHive receives invoices via email, enters them into the QuickBooks software, and prints a list of items to be paid, which is forwarded to the charter for approval by either a board member or the superintendent. This process is used to approve the invoice and the release of funds. However, including approval on each invoice instead of approving an entire list would result in better control over disbursements. The best practice for EdHive would be to require preapproval by the office manager, acknowledgment of receipt of goods or services by the administrative office staff, and approval of the invoice by the superintendent, resulting in a three-way match on all expenditures before payment. Although the current practice is for a board member or the superintendent to approve lists, this is a management function that should not be performed by a board member. Approval by a trustee at this stage could be confused with board approval of expenditures, which should only occur at board meetings.

The charter relies on EdHive to issue checks for paying invoices that are forwarded for payment. EdHive indicated that only the superintendent's signature is required to issue these checks, and it retains a signature stamp for use when the superintendent is unavailable for a wet signature. While the charter has removed all board members as signatories for its bank accounts because of the June 2013 funds transfer, it transferred total control of funds to the back office provider as well as the charter's superintendent. This raises a major segregation of duties issue because no single person should have total control over a transaction. Using the current practice, an EdHive employee could issue a check, sign it with the signature stamp, and negotiate it without the knowledge of the charter or board. While processing a transaction may require additional time, requiring more than one signature on a check provides the charter with increased assurance that its funds are secure from fraud and abuse.

While the charter was unable to provide FCMAT with a board resolution that designates those with signature authority on behalf of CalPacific, it did provide a copy of its October 23, 2013 board meeting minutes establishing the superintendent and principal as the signatories on CalPacific's bank accounts.

In the public sector, disbursements are required to be fully disclosed and available for public review, and the governing board is responsible for final approval of all contracts, commitments and expenditures. FCMAT's review of board minutes through September 2013 show that the board treasurer reviewed check detail reports weekly, which included electronic transactions for payroll and credit card payments. The treasurer then reported any items of interest to the board at its next regularly scheduled board meeting. It is unclear whether this method will continue with the new board; however, the best practice is for someone other than a board member to approve purchases. This is because a single trustee's approval can be confused with the board's approval of all purchase orders, checks, and electronic transactions at its monthly meetings.

An organization's purchasing department is often assigned to maintain an inventory of goods purchased. Education Code Section 35168 states:

The governing board of each school district shall establish and maintain a historical inventory, or an audit trace inventory system, or any other inventory system authorized by the State Board of Education, which shall contain the description, name, identification numbers, and original cost of all items of equipment acquired by it whose current market value exceeds five hundred dollars (\$500) per item, the date of acquisition, the location of use, and the time and mode of disposal.

While this is another Education Code section that charters are not required to follow, it is nonetheless a sound business practice. When items have been purchased with consolidated application funds, charters are required to follow the California Code of Regulations. Specifically, Title 5, Section 3946 requires an inventory to be maintained of items purchased with these funds and, in accordance with 34 CFR 80.32, a physical inventory to be conducted of equipment and the results reconciled with property records at least once every two years to verify the existence, current utilization, and continued use.

If there are any differences between the quantities determined by the physical inspection and those shown in the accounting records, they are to be investigated. Those results can be used to write off items that were lost, stolen, or discarded and for adding unrecorded items. Removal of assets from the inventory also requires board approval before disposal. These procedures are another way to safeguard CalPacific's physical property.

EdHive staff indicated that charter-owned assets have not been physically inventoried or tagged because the charter school does not receive federal funds. Even so, several of the internal control practices for inventory leave the charter school vulnerable to abuse. For example, employees who purchase technology equipment have the authority to approve the vendor payment, and the charter lacks the ability to identify or locate technology assets. This includes computers purchased and provided to students.

Recommendations

The charter school should:

1. Immediately fill the office manager position and determine whether the hours assigned are adequate to perform all duties.
2. Disclose all related party transactions of significant influence to its auditors.

3. Develop board policy as well as business office policies and procedures on the use of bids, requests for proposals/qualifications, and quotes. Templates and examples of these items as well as instruction on their use and retention should be obtained from the charter's legal counsel.
4. Implement a purchase requisition and/or purchase order system to obtain proper preapproval for expenditures and work with the back office provider to integrate the requisitions/purchase orders into the charter's accounting system. The duties related to preapproval should be assigned to the office manager.
5. Revise its board policy that provides authority for budget oversight and budget transfers so that it includes the office manager.
6. Modify its invoice processing procedures to include a signature on each invoice evidencing receipt of the goods or services and authorizing approval for payment. The duties related to invoice approval should be assigned to the superintendent.
7. Revise board policy to include specific rules and options for travel expense reimbursement such as car, mileage, meal and lodging rates, use of a travel request form, and the deadlines to submit reimbursements. These revisions should also be included in the employee handbook.
8. Immediately reduce the limits on each charter credit card to a more reasonable amount, such as \$2,000, and require each credit card holder to sign a user agreement. An allowance should be made for a short-term increase for the principal to accommodate travel arrangements for staff at the beginning of the year.
9. Consider moving from a traditional bank-issued credit card to one specifically geared toward government/tax-funded agencies to provide greater controls over their use, for example, CAL-Card through the California Department of General Services.
10. Revise its credit card policy to include certification by the credit card user, evidence of review, documentation requirements for all lost receipts, and monthly submission deadlines.
11. Implement policies and procedures to provide for signature approval of expenditure requests instead of e-mails.
12. Continue to prohibit the use of debit cards.
13. Utilize online access to review all transactions posted into its QuickBooks accounts. The office manager should review the transactions posted to these accounts.
14. Require a three-way match between the purchase order, invoice and receiver documents prior to payment of expenditures.

15. Revise its procedures so that the approval of the payment listing provided by EdHive is provided by the superintendent or designee.
16. Require two signatures on all checks issues by the charter.
17. Eliminate the use of the signature stamp.
18. Immediately submit a resolution to the board designating those who have the authority to sign checks on the charter's behalf as well as legally bind the charter by their signature on contracts.
19. Ensure that all purchase orders, checks and electronic transactions are approved by the board at least monthly.
20. Develop a policy on inventory to include procedures to tag assets above certain dollar thresholds, tag all technology assets, assign custody of assets to locations or people, perform a physical inventory biannually, reconcile differences between the charter's book amount and the inventory amount, and submit a list of assets to be removed from the inventory to the board for approval.
21. Consider installing theft recovery, data protection and secure asset tracking software on laptops purchased by the charter to enable accurate tracking of technology assets.

Cash Receipts and Deposits

Internal controls over cash receipts should begin immediately upon the receipt of cash, checks or electronic deposits. A sound internal control structure requires job duties to be segregated to properly protect the charter's assets, with no single employee handling a transaction from initiation to reconciliation. No single employee should also have custody of an asset (such as cash) and maintain the records of related transactions.

Additional procedures can be implemented on the appropriate segregation of duties for receiving and recording cash. As an example, the employee who opens the mail could make a control list of all receipts and endorse all checks received "for deposit only." Marking the checks in this way would help prevent unauthorized endorsement of checks before deposit. The charter's current procedure is to open the mail and place any items for deposit in a bin on an office wall. Charter staff indicated that deposits are not regularly made and could occur as infrequently as every two weeks.

CalPacific operates five schools in various parts of the state and receives paper checks from each of its charter authorizers. Many entities find that electronically transferring funds avoids the time lag between issuance and deposit of the check and reduces missing apportionment checks. When paper checks cannot be avoided, the banking industry has developed software that allows them to be scanned, uploaded, and credited to accounts from a desktop deposit scanning machine without the necessity of transporting them to the bank. Cash would still require bank delivery.

Because the charter offers online services to its students, very little cash is processed through its administrative offices. The charter's staff indicated that cash is usually received for tickets to events such as graduation and grad night. Staff members who have since left CalPacific handled these transactions, and the current staff has no experience with the necessary procedures including the following:

- Maintaining an inventory of the receipt books, checking periodically to ensure that none are missing, and keeping the books in a secure location.
- Using prenumbered receipt books to record payments received specifically noting the amount paid, source of payment (check or cash), its purpose and the person accepting the payment's signature. The original copy of the receipt is provided to the person making the payment, one copy is included in the packet with the cash/check, and the last copy remains in the book as the historical record.
- Ensuring that voided pages are not removed from the receipt books.
- Maintaining a receipt book log to use when someone needs to remove the receipt book from the administrative office. In that instance, the beginning number of the receipt in the book is recorded when it is checked out, and the ending number when it is returned.
- Ensuring that tickets for events are prenumbered in sequential order and kept in a secure location.
- Maintaining a ticket sales log recording the beginning and ending numbers of the tickets available for sale for each transaction, the date of sale, name of person purchasing, method of payment, and recording ticket numbers in the log.
- Using two people to count cash, each person dating and signing the cash count form. This serves to protect the cash and charter employees in case there are wrongful accusations if cash is missing.

- Developing processes to handle shortages/overages in cash collection.
- The control list, receipt books and cash count forms would be used as backup to create the deposit slip. Under the charter's current procedures, the checks collected are photocopied, and the director of student services prepares the deposit slip. The principal or superintendent are normally assigned to make the deposit and are responsible for returning the deposit slip to the director of student services. The director attaches the deposit slip to all the backup documentation and scans the packet to EdHive for inclusion in the charter's financial records and for bank account reconciliation purposes.
- EdHive posts the information transmitted to the charter's general ledger. While EdHive is responsible for determining the account coding for each deposit, charter school officials with direct knowledge of the nature and purpose of cash or check receipts can more easily identify the complete classification of each item. The best practice is to assign someone to compare the control list of receipts with the deposit slips to ensure that all items received are deposited.
- As with accounts payable, CalPacific relies entirely on the back office provider, EdHive, to code and post revenues to its general ledger according to the guidance contained in the California School Accounting Manual and as required in its chartering documents. While EdHive offers online, read-only access to the charter's QuickBooks general ledger, no one at the charter utilizes this to monitor the accounts, review transactions, ensure proper coding of revenues for accuracy, and make certain that software reports conform to the charter's needs and provide additional oversight of assets.
- One weakness in the system of revenue recognition is that the largest portion of CalPacific's revenues are not tracked and reconciled during the fiscal year. Audit finding 2012-4 from the 2011-12 audited financial statements found that the California Department of Education's website apportionments could not be reconciled to the charter's revenue posted in the 2011-12 unaudited actuals. The 2012-13 audited financial statements adjusted the charter's beginning net assets to account for an overpayment and underpayment of apportionment revenues in 2009-10. The net effect to the 2012-13 audited financial statements was an underpayment of \$265,873. The adjustment was previously booked and booked again in 2012-13, resulting in an overstatement of net assets. While this is confusing, it points out that all the charter's apportionment revenues from its authorizing agencies are tracked solely by EdHive. No policies or procedures exist to identify the appropriate CalPacific personnel responsible for oversight and management to track apportionment schedules and payments. This causes vulnerability in oversight in several areas: revenue recognition, accounts receivable, accounts payable and cash flow.
- Once all the deposits are made and checks sent to vendors, the monthly bank statements must be reconciled. Copies of the charter's bank reconciliations; provided to FCMAT do not reflect review by CalPacific; however, bank statements and the charter's check detail report indicate that EdHive does review these statements since the check detail report provided "reconciliation entries."
- The impetus for this study was the June 2013 funds transfer. Someone who was a board member at the time initiated this wire transfer at a time when trustees were the only signatories on the charter's bank account. It is common in the banking industry to perform a "call back verification" from the bank to charter or EdHive staff to verify the transaction. Neither the charter's administrative staff nor its back office provider received a call back verification, which could have prevented this transaction, at the time of the transfer.

Additional concerns regarding bank accounts were found in FCMAT's review of documentation provided to Wells Fargo Bank to modify account access. These documents reflect the following anomalies:

- Board resolutions authorizing changes to bank accounts are missing.
- The previous -charter board president issued a memorandum as evidence to the bank in lieu of meeting minutes to enact changes to signatories on the charter's bank account. This memorandum contained no signatures.
- The prior board president was listed as the "sole owner" of California Virtual Education Partners.
- No documentation was provided requesting that the bank cancel the corporate credit card issued to an employee who quit with less than 48 hours' notice in the fall of 2013.

Proper documentation of these transactions in board meetings and minutes provides the public and auditors with a complete record of the transfer of funds and of the existence of bank accounts and/or petty cash. Interviews with charter staff and board minutes show that the option of opening a separate foundation bank account was considered to receive anticipated above average earnings related to the funds transfer of June 2013. The documentation provided to FCMAT for this study does not indicate whether action was taken to open this account. Charter and EdHive staff both reported that a petty cash account was established at one time; however, no one was able to provide information on what happened to the cash in this account or whether the account was maintained, replenished or closed.

CalPacific's lack of an investment policy may have contributed to the belief that it should transfer funds to another entity for higher-than-average investment returns. Although the mandate was repealed in 2010, local educational agencies across the state were directed in the 1990s to adopt written investment policies and public reporting guidelines. Even with repeal, educational agencies have maintained board policies on investments, which continues to be a best business practice. The LEA's objective is generally to invest public funds to maximize the investment return with maximum security and minimum risk, while meeting daily cash flow demands and conforming to all appropriate federal, state, and local statutes. Government Code Section 27000.3(c) establishes the standard required of county treasurers when investing funds, and similar language could easily be incorporated into the charter's board policy on investments:

When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the county treasurer or the board of supervisors, as applicable, shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the county and other depositors, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the county and the other depositors. Within the limitations of this section and considering individual investments as part of an overall investment strategy, investments may be acquired as authorized by law. Nothing in this chapter is intended to grant investment authority to any person or governing body except as provided in Sections 53601, 53607, and 53635.

As mentioned earlier in this report, CalPacific has a small administrative office staff, with one key position vacant. Even after filling the vacant position, this situation creates difficulties in providing two significant internal controls; segregation of duties and proper oversight of transactions. The \$750,000 that was wire transferred from the charter's accounts in June 2013 represents approximately 18% of CalPacific's estimated 2013-14 revenues. These funds were provided, primarily from state and federal resources, to a public entity to provide for the education of students. There is no guarantee that those funds will be returned to the charter to use for the education of its students. Consequently, CalPacific should do everything within its means to ensure that this situation does not occur again.

One way to help the charter and back office provider meet its internal control objectives and assist in safeguarding its cash assets is to consider having charter funds held at a county treasurer's office. This action would provide the charter with oversight and supporting documentation review functions before fund disbursement, expand its ability to accept transfers of revenues from authorizing agencies, and provide the charter with additional flexibility for signatures. The county treasury providing signatures for the warrants as they are prepared, leaving the charter with more flexibility for signatures during accounts payable approval. Had the funds been held at a county treasury in June 2013, additional oversight protocols would have required additional documentation and backup. Those protocols would have generated inquiry to the charter and should have been able to prevent an unapproved wire transfer.

Recommendations

The charter school should:

1. Develop policies and procedures that include those for the maintenance of a control list of all cash, checks and electronic deposits received. This task can be assigned to the office manager.
2. Stamp all checks "for deposit only" upon receipt. This task can be assigned to the office manager.
3. Store all checks awaiting deposit in a secure, locked cabinet. This task can be assigned to the office manager.
4. Deposit checks weekly and never leave them undeposited over a weekend. This task can remain with either the superintendent or the principal.
5. Determine whether the charter's authorizers can make electronic transfers instead of issuing paper checks. As an alternative, determine whether the charter's bank can enroll the charter in a desktop deposit scanning machine program.
6. Follow the procedures outlined above related to cash transactions.
7. Revise deposit procedures so that the director of student services prepares the deposit, the office manager receives the deposit slip, and the deposit information is transmitted to EdHive.

8. Identify the revenue resource for all items in a deposit. This task can be assigned to the office manager.
9. Assign the office manager to reconcile the control list of receipts to the deposits made.
10. Utilize online access to review all transactions posted to its QuickBooks accounts. The office manager should review the transactions posted to these accounts.
11. Track apportionments from its chartering agencies against anticipated receipts and apportionment exhibits from the California Department of Education's website. This task can be assigned to the office manager.
12. Reconcile its bank statements monthly. This task should be performed by EdHive, with the charter's office manager serving in a reviewer capacity.
13. Immediately contact the charter's bank to place instructions for call back verification on all wire transfers from the charter's accounts.
14. Ensure board action is taken in open session before opening, closing, or making changes to petty cash or bank accounts.
15. Develop board policy regarding investment guidelines appropriate to the investment of public funds and add monthly or quarterly investment reports to its board agenda.
16. Consider moving its cash to an account at the county treasury.

Subsequent Events

Following completion of FCMAT's fieldwork, CalPacific's board held a meeting on May 8, 2014 to adopt board policies and administrative regulations in accordance with the recommendation contained in the Governance section, which should address many findings in this report such as those related to ethics and internal control policies, criteria for board member selection, the use of bids and quotes, budget oversight, travel expenditures, inventory tagging and investment guidelines.

Additionally, CalPacific has worked with two of its authorizers to initiate electronic deposits between these entities as recommended in the Cash Receipts section of this report. Of the other three authorizers, two were unable to comply with CalPacific's request for electronic transfer, and the third has provided CalPacific with the paperwork to begin the process.

Appendices

A: Sample Credit Card User Agreement

B: Study Agreement

Appendix A - Sample Credit Card User Agreement

District Cal-Card Usage Policies & Procedures

Congratulations! You have been selected as a site/department for the District's CAL-Card Program. The broad intent of the program is to assist the District in allowing additional flexibility for your site/departmental purchasing needs. The card's intent is that it be used for conferences (advance approval for conferences must still be obtained through the Conference Attendance Form process and POs will be necessary for the items to be paid with the CAL-Card) and Internet purchases only at this time (POs must still be submitted and approved in advance of making the purchase in order to encumber the funds property). By accepting the attached CAL-Card and signing below, you agree as follows:

1. To read, review and abide by the terms of the attached Cardholder Guide.
2. To sign the back of the card and call U.S. Bank Customer Service at the telephone number on the front side of the card to activate. Be aware that you might be asked for your "CVV" numbers, which stands for "Card Verification Value." The "CVV" number is a three-digit number following the account number within the signature block on the reverse side of your card. You may also be asked for the following information:
 - a. Single Purchase Limit:
 - b. 30-Day Limit:
 - c. Telephone Number Assigned to Card:
 - d. Zip Code Assigned to Card:

Once this has been accomplished, your card is ready for use.

3. To allow no one, other than yourself, to use the card and to retain physical custody of the card in a safe and secure location at all times.
4. To retain physical, hard copy proof of all purchases made with your card. In the event that the receipt cannot be located, you agree to notify me in writing of such circumstances. You further agree to include in the notification all facts surrounding the missing receipt as well as all documentation available to provide evidence of receipt of the merchandise. Due to audit requirements, recurring and/or frequent instances of missing receipts may result in forfeiture of your card.
5. To review, reconcile and sign your monthly statement immediately upon receipt but in no circumstances later than 5 days after receipt of the statement – our billing cycle date is the 22nd of each month and we typically receive statements around the 1st of the next month. You are also to provide a complete description of each item purchased on the appropriate description line of the monthly statement and attach the original receipts. The executed, reconciled statements should then be forwarded to me. The sooner these reconciled statements are processed and sent to me for review and then forwarded to Accounts Payable for payment, the larger the payment rebate received by the District and the larger your site's/department's portion of the rebate. For example, if the rebate was \$100 based on total District purchases of \$3,000 and your purchases totaled \$600, your portion of the rebate would be calculated as follows: $\$600/\$3,000 = 20\% \times \$100 = \20 .

6. You understand that should interest charges be incurred due to your failure to process your monthly statement in accordance with item number 4 above, those charges will be applied first to directly reduce your portion of the rebate and any remainder will be applied against budgeted amounts. Recurring and/or frequent instances of untimely submission of monthly statements may result in forfeiture of your card.
7. If, because of travel or extended leave, you are scheduled to be away for more than 5 days at the time you would normally receive the monthly statement, you agree to contact me so that we can make arrangements for your monthly statement to be processed on a timely basis.
8. Should there be an error on the statement, you agree to be responsible for the completion of the Cardholder Statement of Questioned Item form (CSQI) and forwarding it to the U.S. Bank Government Services address or fax number listed below. A copy of the CSQI is also to be included with your executed and reconciled monthly statement. Keep in mind that the District will lose its dispute rights if the CSQI is not submitted within 60 days from the cycle date.

U.S. Bank Government Services
P.O. Box 6346
Fargo, ND 58125-6346

Fax: (701) 461-3910

Toll free: (800) 227-6736

Outside the U.S., call collect: (701) 461-2020

You further agree to attempt to resolve the dispute directly with the vendor and keep detailed records of those attempts. This documentation will be required by U.S. Bank and must be submitted along with the cardholder CSQI form.

9. Once disputes are resolved and you have received notification from U.S. Bank, you agree that you are responsible for instructing the Billing Office (Accounts Payable) to either apply a credit or certify a payment to the original Statement of Account where the dispute occurred.

Purchases are to be for work-related expenses only. Please refer to page 7 of the Cardholder Guide for a list of Prohibited Purchases. Your CAL-Card has been programmed so that use of it for these Prohibited Purchases will be disallowed at the time of the transaction. Keep in mind that should you use the card for meals while traveling on District business, no alcohol can be purchased using the CAL-Card – ask your waitress for a separate bill and use another means for payment (e.g. cash or your personal credit card). Additionally, should you use the card for business related meals while traveling, your per diem will be adjusted accordingly. For example, if you were to receive 3 complete days of meals (\$43/day x 3 = \$129) and used the CAL-Card for lunch (spending \$16 on that lunch), the per diem payable to you at the end of the trip would be \$113 (\$129 - \$16). In the event that you received the per diem in advance, you would be required to submit your personal check for all meals purchased at the time of submission of your executed and reconciled statement.

Use of the CAL-Card for personal items will result in termination of your CAL-Card privileges and confiscation of the card. Should you inadvertently use the CAL-Card for a personal charge, you should notify me immediately (e-mail or voice mail messages are perfectly acceptable given you may be out of town at the time) and payment for the charge should be submitted upon your return.

10. To immediately report lost or stolen cards to U.S. Bank Government Services at the number provided in the Cardholder Guide. You are also to immediately notify me via telephone or e-mail of such loss.

11. Likewise, any fraudulent activity must be immediately reported to the U.S. Bank Government Services -- see your Cardholder Guide for contact information. The activity must also be reported to me with the following particulars:

- The account number on which the fraud has been detected;
- The date and dollar amount of the fraudulent transaction(s);
- The date the cardholder first contacted, or was contacted by, U.S. Bank regarding the fraud;
- The name of the U.S. Bank Fraud Representative investigating the account; and
- The new account number (if established).

You should reconcile your Statement of Account by circling any unauthorized items and writing "fraud" next to the item(s). Deduct the fraudulent charges from the total amount owed and process the statement as usual. Do not submit a cardholder CSQI for fraudulent transactions.

You are also responsible to:

- Monitor future statements for (a) any trailing fraudulent charges; and (b) credits for previous fraud charges; and
- When the credit appears on the statement, provide written instructions on the Statement of Account for the Billing Office to apply the credit to the previous Statement of Account where withheld the payment(s) and/or fraudulent charge(s) originally appeared.

Again, welcome to the CAL-Card Program. We hope that you will find it to be a more convenient system to aid you in making purchases. Should you have questions or concerns, please do not hesitate to contact me.

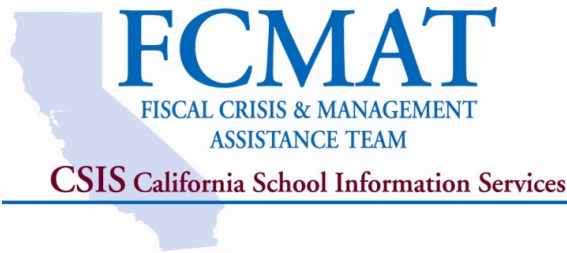
I hereby acknowledge receipt of CAL-Card Number _____ and the Cardholder Guide. I also hereby acknowledge that I have read the foregoing and agree to the conditions therein.

Signature

Date

Print Name: _____

Appendix B - Study Agreement



FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM STUDY AGREEMENT November 6, 2013

The Fiscal Crisis and Management Assistance Team (FCMAT), hereinafter referred to as the team, and the California Virtual Education Partners (non-profit public benefit corporation) operating as the governance authority for the California Pacific Charter Schools, hereinafter referred to as the charter school, mutually agree as follows:

1. BASIS OF AGREEMENT

The team provides a variety of services to school districts and county offices of education upon request. The charter school has requested that the team assign professionals to study specific aspects of the schools' operations. These professionals may include staff of the team, county offices of education, the California State Department of Education, school districts, or private contractors. All work shall be performed in accordance with the terms and conditions of this agreement.

In keeping with the provisions of Assembly Bill 1200, the county superintendent will be notified of this agreement between the charter school and FCMAT and will receive a copy of the final report. The final report will also be published on the FCMAT website.

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

The scope and objectives of this study are to:

The charter school has requested that the team provide for the assignment of professionals to conduct an internal control review. The primary focus of this review is to provide the charter school with reasonable assurances, based on the review of governance and business practices performed, that adequate management controls are in place regarding the districts' reporting and monitoring of financial transactions. Management controls include the processes for planning, organizing, directing and controlling program operations, including systems for measuring, reporting and monitoring performance. Specific review objectives will include evaluating the board policies and administrative regulations, procedures, internal controls, and transactions performed by the charter related to the following:

1. Governance
2. Accounts payable
3. Cash receipts and deposits

B. Services and Products to be Provided

1. Orientation Meeting - The team will conduct an orientation session at the charter school to brief management and supervisory personnel on the team's procedures and the purpose and schedule of the study.
2. On-site Review - The team will conduct an on-site review at the charter school office and at school sites if necessary.
3. Exit Report - The team will hold an exit meeting at the conclusion of the on-site review to inform the charter school of significant findings and recommendations to that point.
4. Exit Letter – Approximately 10 days after the exit meeting, the team will issue an exit letter briefly summarizing significant findings and recommendations to date and memorializing the topics discussed in the exit meeting.
5. Draft Reports - Electronic copies of a preliminary draft report will be delivered to the charter school administration for review and comment.
6. Final Report - Electronic copies of the final report will be delivered to the charter school administration and to the county superintendents following completion of the review. Printed copies are available from FCMAT upon request.
7. Follow-Up Support – If requested, FCMAT will return to the charter school at no cost six months after completion of the study to assess the progress in implementing the recommendations included in the report. Progress in implementing the recommendations will be documented to the charter school in a FCMAT management letter.

3. PROJECT PERSONNEL

The study team will be supervised by Anthony L. Bridges, CICA, CFE, Deputy Executive Officer, Fiscal Crisis and Management Assistance Team, Kern County Superintendent of Schools Office. The study team may also include:

<i>A. Deborah Deal, CICA, CFE</i>	<i>FCMAT Fiscal Intervention Specialist</i>
<i>B. Diane Branham</i>	<i>FCMAT Chief Management Analyst</i>
<i>C. To be determined</i>	<i>FCMAT Consultant</i>
<i>D. To be determined</i>	<i>FCMAT Consultant</i>

Other equally qualified staff or consultants will be substituted in the event one of the above individuals is unable to participate in the study.

4. PROJECT COSTS

The cost for studies requested pursuant to E.C. 42127.8(d)(1) shall be as follows:

- A. \$500 per day for each staff member while on site, conducting fieldwork at other locations, preparing and presenting reports, or participating in meetings. The cost of independent FCMAT consultants will be billed at their actual daily rate.
- B. All out-of-pocket expenses, including travel, meals and lodging.
- C. The charter school will be invoiced at actual costs, with 50% of the estimated cost due following the completion of the on-site review and the remaining amount due upon the acceptance of the final report.

Based on the elements noted in section 2 A, the total estimated cost of the study will be \$12,000.

- D. Any change to the scope will affect the estimate of total cost.

Payments for FCMAT's services are payable to Kern County Superintendent of Schools - Administrative Agent.

5. RESPONSIBILITIES OF THE CHARTER SCHOOL

- A. The charter school will provide office and conference room space during on-site reviews.
- B. The charter school will provide the following if requested:
 - 1. A map of the local area.
 - 2. Existing policies, regulations and prior reports that address the study scope.
 - 3. Current or proposed organizational charts.
 - 4. Current and two prior years' audit reports.
 - 5. Any documents requested on a supplemental list. Documents requested on the supplemental list should be provided to FCMAT only in electronic format; if only hard copies are available, they should be scanned by the charter school and sent to FCMAT in electronic format.
 - 6. Documents should be provided in advance of field work; any delay in the receipt of the requested documents may affect the start date of the project. Upon approval of the signed study agreement, access will be provided to FCMAT's online SharePoint document repository, where the charter school will upload all requested documents.

- C. The charter school's administration will review a preliminary draft copy of the report resulting from the study. Any comments regarding the accuracy of the data presented in the report or the practicability of the recommendations will be reviewed with the team prior to completion of the final report.

Pursuant to EC 45125.1(c), representatives of FCMAT will have limited contact with pupils. The charter school shall take appropriate steps to comply with EC 45125.1(c).



6. PROJECT SCHEDULE

The following schedule outlines the planned completion dates for different phases of the study:

Orientation:	to be determined
Staff Interviews:	to be determined
Exit Meeting:	to be determined
Preliminary Report Submitted:	to be determined
Final Report Submitted:	to be determined
Board Presentation:	to be determined, if requested
Follow-Up Support:	if requested

7. CONTACT PERSON

Name: Jessica Anderson
 Telephone: (209) 986-6150
 E-mail: janderson@calpacschools.org

	November 7, 2013
Jessica Anderson California Pacific Charter Schools	Date
	November 6, 2013
Anthony L. Bridges, CICA, CFE Deputy Executive Officer Fiscal Crisis and Management Assistance Team	Date