NEW YORK STATE EDUCATION DEPARTMENT

Fiscal Oversight Guidebook

A Guide for Charter School Leaders, Employees, and Boards of Trustees

May 2014

The Regents of the University of the State of New York
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The New York State Department of Education

The mission of the New York State Education Department (NYSED) is to raise the knowledge, skill, and opportunity of all people in New York. The organization's vision is to provide leadership for a system that yields the best educated people in the world. As part of the University of the State of New York, NYSED consists of vastly interconnected and comprehensive educational services and is one of the largest educational systems in the United States.

NYSED comprises the following main branches, which operate under the guidance and management of the Board of Regents and the Commissioner of Education, respectively.

Office of P-12 Education

The Office of P-12 Education oversees all programs for students in pre-Kindergarten through 12th grade. This division has diverse and extensive responsibilities, including:

- Accountability
- State Assessments
- Curriculum, Assessment, and Educational Technology
- Information and Reporting Services
- School Innovation
- School Operations
- Special Education
- Special Initiatives, such as Race to the Top

Office of Higher Education

This division oversees colleges, universities, and proprietary schools. The Office is also responsible for the certification of teachers and other school professionals and oversees programs to improve teacher preparation and recruitment.

Office of Adult Career and Continuing Education Services

This division focuses on the education and employment needs of New York State's adults, and is responsible for Vocational Rehabilitation, Adult Education, GED testing, and the Bureau of Proprietary School Supervision.

Office of Cultural Education

The Office of Cultural Education includes the State Archives, the State Museum, and the Public Broadcasting Office. These institutions are responsible for increasing the knowledge and information resources of state and local government, businesses, and individuals. The Office

supports research, operates programs, and develops collections that serve the long-term interests of the people of the State of New York.

Office of Performance Improvement and Management Services

This division includes the Offices of Human Resources, Information Technology, Facilities and Business Services, State Review Office and External Audits.

Chief Financial Office

CFO includes the offices for Fiscal Services, Budget Coordination, Education Finance, Internal Audit, and Internal Controls.

Office of the Professions

This office oversees the preparation, licensure, and practice of the professions. Currently, there are 48 professions defined in and regulated by Title VIII of the Education Law.

Office of Counsel

The Office of Counsel (OC) serves as legal counsel to the Board of Regents, the Commissioner of Education, and the State Education Department. The office's mission is to provide the Regents, the Commissioner and Department staff with legal counsel and services that enable them to establish education policy and comply with the law.

An organizational chart for NYSED can be found at http://www.oms.nysed.gov/orgchart/.

About the Charter School Office

As part of the administrative arm of the Board of Regents, the Charter School Office (CSO) works to create and sustain excellent educational options for New York State's families and K-12 students. The Office meets this objective through the authorization of high quality charter schools, fair and transparent oversight of all charter schools, and the dissemination of innovative school designs and practices.

Mission Statement

The mission of the New York State Education Department Charter School Office is to create and sustain excellent educational options for New York State families on behalf of the Board of Regents through high quality charter school authorizing, fair and transparent oversight of all charter schools, and the dissemination of innovative school designs and practices.

About the Fiscal Oversight Guidebook

The Fiscal Oversight Guidebook provides a comprehensive fiscal resource for charter schools authorized by the Board of Regents and the New York State Education Department as well as for prospective charter school applicants. As reflected in the Table of Contents on the following pages, the Guidebook offers charter school leaders and applicants extensive, detailed information on the expectations related to financial accountability, per the New York State Charter Schools Act. The Guidebook also details policies and practices related to sound fiscal management and internal controls, management of federal and state funding streams, and the continual monitoring and oversight of a school's financial health and stability by school leaders and Trustees.

Aligned with the New York State Education Department's regulatory and renewal policies, the Guidebook also provides substantial information on the processes and criteria used by the Charter School Office (CSO) to understand and determine if the school is operating in a fiscally sound manner and progressing toward a charter renewal, from the point of application continuously through the term of the charter. As illustrated in various sections of the Guidebook, these processes, such as site visits, independent financial audits, dashboards, and an audit guidebook will assist schools in becoming and remaining financially viable and sustainable organizations.

The Board of Regents joins the CSO in our sincere hope that this Guidebook serves as a valuable resource throughout the various stages of your charter school's development and operation.

May 2014
Charter School Office
New York State Education Department

Acknowledgement

Much of the information provided in this Fiscal Oversight Guidebook was derived from exemplar materials created by nationally recognized charter school authorizers and other supporting organizations that disseminate policies and procedures aimed at increasing the number of high quality charter schools. The Board of Regents and the New York State Education Department (NYSED) wish to specifically acknowledge and thank the State University of New York's Charter School Institute for allowing us to adopt and incorporate many components of their Financial Oversight Handbook.

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A Reader's Guide to the Fiscal Oversight Guidebook

To help you understand the purpose of each section of the Fiscal Oversight Guidebook, this Reader's Guide provides a brief description of the topics covered in each and serves as a quick reference to help you determine where best to find more detailed information.

Frequently Asked Questions
This section provides answers to the most commonly asked questions about the Charter School Office (CSO) financial oversight process. Please note that this information is for a school's convenience and is neither comprehensive nor a replacement for more detailed sections of the Guidebook.

Overview
This section provides schools with a sense of the various monitoring activities undertaken by NYSED and the CSO as part of its ongoing financial oversight and evaluation process. This section also discusses information gathered through means other than the primary monitoring activities that inform the CSO's assessment of each school's fiscal soundness.

Application Review
The financial oversight process begins with the review of an initial application for a charter school. This section is limited to some of key fiscal items required for approval. Separately, the CSO publishes a comprehensive School Application Kit to assist potential applicants with the requirements of submitting an application. This Application Kit is located at: http://www.p12.nysed.gov/psc/startcharter.html

CSP Grants and Other Funding Sources
All charter schools are eligible to receive certain streams of public funding, including the Charter School Planning Grant (CSP) and per pupil funding. As part of New York State's $113 million federal Charter School Program (CSP) grant, each new charter school is eligible to receive a CSP Planning and Implementation subgrant with a base amount of $500,000 over a three year period (planning year, implementation year 1, and implementation year 2). Per pupil funding is a calculation that is derived using the individual as well as the total NYS Approved Operating Expenses (AOE) and Total Aidable Pupil Units (TAPU). In addition, all charter schools are eligible to receive Title I and Title II funding through No Child Left Behind, and some may be eligible for Title III based on the number of non-English speaking students in the school. Other funding streams are available on a competitive basis.

Initial Statement
Each school is required to maintain appropriate governance and managerial procedures and financial controls. A key step in this process is the requirement that the school provide an "initial statement" of the status of its management and financial controls during its first year of operation. The CSO requires that a school engage an independent accountant to perform the agreed-upon procedures that will assist school trustees and CSO in evaluating financial practices, and to bolster

the comprehensiveness of the statement. The school must remedy any material deficiencies in collaboration with the CSO.

Annual Budget and Quarterly Reporting

Schools should develop balanced budgets that account for all program needs. All schools are required to submit a budget annually, with revisions submitted quarterly, as necessary. If a material change (please see http://www.p12.nysed.gov/psc/documents/RevisionQA.pdf for information on material changes) in the school's program occurs (e.g. enrollment increase/decrease, change in the grade levels to be served, change in facility,) the school must also submit a revised budget to the CSO demonstrating the financial impact of that material change. The CSO reviews each budget submission and assesses the overall reasonableness of underlying assumptions. The budget establishes a school's spending priorities and the spending authority needed to operate the school.

Audits

An annual audit of each school's financial statements must be conducted by an independent certified public accountant in accordance with *Government Auditing Standards*. This section of the Guidebook explains that the independent auditor's opinion should be unqualified, the school should be generating positive operating cash flow, and overall net assets should be positive or not materially deficient. Failure to submit an independent audit report in a timely manner negatively affects the school's compliance record. If the audit identifies any weaknesses or problems, the school is then required to prepare a corrective action plan addressing each suggestion for consideration by management contained in the compliance section of the audit report. These schools must also include a timetable that identifies the date by which it will complete each corrective step.

Fiscal Dashboard

The Fiscal Dashboard provides a simple yet dynamic and easy to understand tool to view financial data. It provides a visual overview of the fiscal health and trends of any NYSED authorized charter school that has completed one year of operation and has submitted financial statements, including balance sheets, income statements, and cash flow and functional expense statements.

Internal Control Practices

Charter schools are expected to have certain defined and effective internal controls in place in order to affirm for school leaders, trustees, and authorizers that academic and operational goals are being achieved, that all laws, regulations and business practices are being followed, and that accurate and reliable financial data is being maintained. Charter school operators are urged to compare the practices contained in this document to practices currently in place at your school or school network as a way to determine if your internal controls can or should be improved.

Frequently Asked Questions about Fiscal Oversight

1. **What laws, rules, and regulations apply to charter schools?**

   Public charter schools are subject to all applicable federal constitutional provisions, statutes and regulations, including the requirements of due process and with federal laws and regulations governing the placement of students with disabilities. Charter schools must also meet the same health and safety, civil rights, and student assessment requirements applicable to other public schools in NYS. Charter schools are exempt from all other state and local laws, regulations or policies governing public or private schools except as specifically provided in the school's charter or in the NYS Charter Schools Act, which include some provisions of the NYS Public Officers Law (Open Meetings Law and Freedom of Information Law) and some provisions of the General Municipal Law.

   Reference: Ed Law §2851(2)(h); §2854(1)(b)(e) and (f)

2. **Can a charter be revoked or terminated?**

   Based on the CSO's newly established Performance Framework for school achievement, the Board of Regents may revoke a school's charter if student achievement falls below the level that would allow the State Commissioner of Education to revoke the registration of another public school, and if there is no improvement in achievement over the next three school years. This Performance Framework is now included in new charter contracts as schools are approved or renewed and can be found at: http://www.p12.nysed.gov/psc/OversightPlan.html. In addition, a charter can be revoked for serious violations of law, for violation of the charter, including fiscal mismanagement, or for violations of the civil service law regarding discrimination against employees.
   Reference: §2855.1 (a) through (d)

3. **Can a charter school take out a mortgage?**

   A charter school may pledge, assign, or encumber its assets to be used as collateral for loans or extensions of credit. However, a charter school may not pledge or assign school aid operating funds that it receives from local school districts in connection with the purchase or construction, acquisition, reconstruction, rehabilitation, or improvement of a school facility. Accordingly, a charter school may obtain a mortgage so long as the lender does not require that the mortgage be secured by the school's school aid payments.
   Reference: §2853.1 (b)

4. **What accounting principles must a charter school follow?**

   A charter school must follow generally accepted accounting principles for not-for-profit organizations. Charter schools should refer to FAS 117 which establishes standards for general-

purpose external financial statements provided by a not-for-profit organization. A useful link on FAS 117 is located at: FAS 117.

5. For the purposes of federal awards, what cost principles should a charter school follow?

As a local education agency for federal awards, charter schools should follow Office of Management and Budget (OMB) Circular A-87 through fiscal year July 1, 2014 – June 30, 2015. This Circular establishes principles and standards for determining costs for federal awards carried out through grants, cost reimbursement contracts, and other agreements with state and local governments and federally-recognized Indian tribal governments (governmental units).

On December 26, 2013, OMB published its comprehensive overhaul of federal grant administrative, cost accounting, and audit policies which supersedes and combines the requirements of eight existing OMB Circulars (A-21, A-50, A-87, A-89, A-102, A-110, A-122 and A-133). The Final Guidance will be effective on **December 26, 2014,** one year after the publication date. Audit Requirements will apply to audits of fiscal years beginning on or after December 26, 2014. For many institutions, this will result in the audit requirements becoming effective for the fiscal year July 1, 2015 – June 30, 2016

6. Must charter school obtain an independent audit?

Yes. The Charter Schools Act of 1998 requires that a charter school shall be subject to the financial audits, the audit procedures, and the audit requirements set forth in the charter. Such procedures and standards shall be applied consistent with generally accepted accounting and auditing standards and *Government Auditing Standards*. This requirement is also included in each school's charter. An Audit Guide for Charter Schools is located at: *Audit Guide*

7. Where do I find out more about charter school financing?

NYSED has a list of questions and answers regarding the financing of charter schools pursuant to Section 2856 of the Education Law and part 119 of the Regulations of the Commissioner of Education on its website at the following address: https://stateaid.nysed.gov/charter.

Purposes, Procedures, and Activities for Fiscal Oversight

The application process to operate a charter school culminates with the actual creation of the school's charter -- a formal contract between the school's Board of Trustees and its authorizer. As detailed in Charter Schools Law Article 56 Section 2853(a), the Board of Regents, upon approval of a charter, incorporates the school as an education corporation for an initial term not to exceed five years of operation. All education corporations must apply to renew their charters. Following the Charter School Law amendments made in June 2010, Article 56 Section 2853 (b-1) further states that an education corporation can now operate more than 1 school and/or can house any grade at more than one site, provided that a charter has been issued for each school or site.

The executed charter lays out responsibilities and requirements for the full charter term with respect to the school's educational program, fiscal and operational matters, compliance and legal issues, and matters relating to governance. Therefore, each school's Board of Trustees and leadership team must be thoroughly familiar with all aspects of this document.

It cannot be emphasized enough that while the primary purpose of a charter school is the education of children, compliance with the charter and applicable law as well as fiscal stability are necessary facets of each school's viability. As such, the CSO comprehensive program of oversight and evaluation of Regents-authorized charter schools, consistent with the New York Charter Schools Act of 1998 ("Charter Schools Act"), encompasses the effectiveness of the educational program in improving student learning and achievement as well as the school's record of regulatory and charter accountability, including financial stability.

The CSO focuses fiscal oversight on several interrelated concepts that relate to fiscal soundness. These include:

- effective financial oversight by the school's Board of Trustees
- realistic budgeting and ongoing budget monitoring
- maintenance of appropriate internal controls and procedures
- timely and accurate financial reporting
- maintenance of adequate financial resources to ensure stable operations

CSO oversight is ongoing and consists of financial document reviews, site visits, and follow-up with schools as needed. Gross failure to maintain financial viability and utilize sound financial management practices will ultimately result in a school being required to develop and implement a corrective plan, being on probation, or in the case of material and substantial fiscal mismanagement, being subject to charter revocation.

Ultimately, the Board of Regents and the CSO hold the charter school's Board of Trustees directly responsible for the school's programs and finances. The CSO has neither the resources nor the inclination to supplant the board's responsibilities and is interested instead in ensuring that charter

schools have both the autonomy to which they are entitled and the public accountability for which they are responsible.[1]

In designing its system of financial oversight of charter schools, the CSO was guided by the following basic tenets:

- Public funds must be spent appropriately and with ample transparency
- Achieving compliance with school finance requirements should not be onerous, but a natural outgrowth of a financially viable and effectively functioning school
- Each school's independence and autonomy are respected

Feedback to a charter school's Board of Trustees is provided both formally through letters and/or reports typically following annual or periodic school site visits (including renewal site visits) and informally either verbally or in writing throughout the charter period. Although information provided through formal and informal feedback is not generally intended to be prescriptive, the CSO expects a school's Board of Trustees to thoroughly review identified issues, and, to the extent appropriate, use such feedback to guide the school's leadership team to further develop the school's program or other aspects of the school, including financial management policies and practices.

A school's ability to operate in a fiscally sound manner is an ongoing challenge. Each component of fiscal soundness must be maintained and updated as conditions warrant. The following crosswalk displays the primary monitoring activities used by the CSO and how they relate to charter renewal benchmarks. This crosswalk reflects the major, but not all, monitoring activities conducted by the CSO.

Crosswalk between Renewal Fiscal Benchmarks and Primary Monitoring Activities

	Renewal Fiscal Benchmarks			
Primary Monitoring Activities	Budgeting and long-range planning	Internal Controls	Financial Reporting	Financial Condition
Application Review	X	X	X	X
Initial Statement		X	X	
Annual Budget and Cash Flow	X	X	X	X

[1] NACSA, Principles & Standards for Quality Charter School Authorizing

Quarterly Report of Income and Expense	X	X	X	X
Audits		X	X	X
Site Visits	X	X	X	X
Renewal	X	X	X	X

X = Benchmark addressed by monitoring activity

It should be noted that CSO fiscal oversight is not limited to the primary monitoring activities outlined in the above chart and throughout this Guidebook. For example, charter schools are eligible for State, Federal and private grants. The CSO, therefore, uses information and reports pertaining to participation in these programs as part of its ongoing analysis of the effectiveness of a school's fiscal management procedures. Information is also gleaned from school inspection visits conducted by NYSED's academic program staff and consultants (when necessary).

In conducting ongoing fiscal oversight and in making initial renewal recommendations, CSOconsiders the totality of evidence in determining whether a school is operated in a fiscally sound manner. Similarly, the significance, or materiality, of financial-related weaknesses or deficiencies is appropriately considered when assessing potential instances of fiscal mismanagement.

More complete information regarding the CSO monitoring plan and the criteria used to evaluate a school's fiscal health can be found at:
http://www.p12.nysed.gov/psc/documents/NYSEDMonitoringPlanSeptember2011.pdf

Review of the Initial Proposal to Establish a Charter School

Purpose

To recommend that the Board of Regents approve a charter school proposal, the NYSED CSO must make a legal finding that the charter school applicant can demonstrate the ability to operate the school in a fiscally sound manner. The purpose of the fiscal review of the initial proposal is to make this determination within the context of the overall review of a proposal.

Completing a charter school proposal is an extensive process that takes considerable time and effort on the part of the applicant(s). The law requires a great deal of information to demonstrate that a proposed charter school will operate in an educationally, fiscally, and organizationally sound manner. Moreover, the proposal review process is a competitive one; the CSO recommends only those proposals that have the greatest likelihood of resulting in the establishment of a high performing charter school for approval by the Board of Regents. The CSO publishes a comprehensive Application kit (http://www.p12.nysed.gov/psc/startcharter.html) to assist potential applicants with the requirements of developing and submitting a proposal. Prospective applicants should refer to the Application Kit for the most current requirements. This Guidebook is not intended to include all fiscal requirements of a new school proposal, but only to touch on those most germane to the fiscal operations of the school.

Procedure

Proposals to establish new charter schools receive an initial review by staff of the CSO to determine whether each proposal meets minimum eligibility requirements for further consideration. Those proposals that do not meet the minimum requirements receive no further review. In general, proposals that pass the initial eligibility review undergo an in-depth review by staff and an external panel of experts, including charter school operators, charter authorizers from other states, experts in curriculum, assessment, accountability and not-for-profit management, education researchers, and other individuals with relevant expertise.

CSO staff review each proposal from an academic, fiscal, and legal perspective to determine if the school described in the proposal is likely to improve student learning and achievement, meet the requirements of the Charter Schools Act, and operate in an educationally, fiscally and organizationally sound manner. The CSO internal review team pays close and special attention to the proposal's coherence, the academic, operational, and financial feasibility of the proposed charter school, and the experience, skills, and capacity of the founding team and the proposed school's partners, if any.

The initial proposal, consistent with the overall evaluation of the proposal as a whole, involves a review of required documents and interviews of the applicant and prospective charter school board members. The main areas examined by the fiscal evaluation are as follows:

1. ***The proposed school program***

The rationale, mission statement, and key design elements provide an overview of the proposed school's design and the description of the academic program includes critical areas such as curriculum, instruction, and assessment. Overall, the initial proposal must present a coherent description of the applicant's plans to implement the school, including a thorough description of community support and efforts the applicant has made to solicit community feedback about the proposal. The proposed enrollment and grades to be served must be consistent with applicable law and be reasonable. The planned organizational structure, leadership and proposed board members, and staffing roster must all provide evidence that the school will be educationally, operationally, and fiscally viable. In addition, the proposal must demonstrate that the proposed academic program and organizational structure are conducive to recruiting and retaining target student populations as set forth in the Charter Schools Act.

2. *Required disclosures*

The applicant must provide evidence of community support for, and interest in, the charter school sufficient to demonstrate that the school is likely to reach its anticipated enrollment. In addition, the applicant must provide an assessment of the projected programmatic and fiscal impact of the school on other public and nonpublic schools in the area. Internal review of the proposal includes an assessment of the adequacy of these disclosures. The CSO also reviews the proposal for evidence of the types and amounts of insurance coverage to be obtained by the school, which shall include adequate coverage for liability, property loss, and personal injury. A description of the health, transportation, and food services to be provided to students attending the school will be reviewed to determine if the fiscal impact has been appropriately contemplated. The manner in which the applicant will comply with requirements and procedures for programmatic and independent fiscal audits and procedures to be followed in the case of the closure or dissolution of the charter must also be described. Failure to fully comply with disclosure and other requirements can lead to the conclusion that the proposal does not merit further review.

3. *Fiscal Soundness*

The applicant must provide a proposed budget and fiscal plan for the school, including supporting evidence that the fiscal plan is sound and that sufficient start-up funds will be available to the charter school. The applicant must also describe in detail the school's financial planning process and the fiscal impact of the school on other public and non-public schools in the area. A comprehensive narrative describing the fiscal plan is just as important as completing required spreadsheets supporting the budget. A narrative response that meets the standard will:

- Describe the school's process for having independent fiscal audits conducted at least once annually, with such audits being comparable in scope to those required of other public schools. Demonstrate understanding of the school's financial management obligations
- Present evidence that the school is prepared to adhere to generally accepted accounting practices

- Present evidence that the school will have or has capacity to develop adequate policies and processes for tracking enrollment and attendance eligibility, eligibility for free- and reduced- priced breakfasts and lunches; special education services and other services for special populations of students.

The CSO requires applicants to provide the following budgets and cash flow projections as follows:

- Projected budget/operating plan for pre-opening period
    - Projected monthly cash flow for pre-opening period
- Projected budget/operating plan for year one
    - Projected monthly cash flow for year one of operation
- Projected budget and yearly cash flow for initial charter period

Templates must be used for the above budgets and cash flow projections. An active version of the template (including accompanying worksheets) may be downloaded from the CSO website at http://www.p12.nysed.gov/psc/startcharter.html. Templates may not be amended.

The start-up and five year budget is reviewed for consistency with past budget experience and trends demonstrated by schools previously approved by the CSO. Costs and related assumptions are reviewed for completeness and consistency, and specifically to determine if the proposal includes cost categories that can reasonably be expected in the start-up phase of the school. Any and all contributions or private grant funds contained in the school budget must be supported by letters of commitment from the funding sources detailing the amount and uses for the funding should the school be approved and the funds provided.

The annual budgets and the five year budget are analyzed in detail for reasonableness and completeness using the following steps:

- Financial Metrics are within the appropriate range for NY charter sector (see Financial Dashboard section, and Benchmark 4 of CSO Performance Framework http://www.p12.nysed.gov/psc/OversightPlan.html)

- Recalculation of revenue based on the number of proposed students and the adjusted expense per pupil (approved operating expense / total aidable pupil units) to be received from the District of residence.

- Review of Federal and State grants estimates

- Review of the viability of other proposed revenue sources

- Recalculation of costs based on the assumptions made throughout the proposal

- Review of baseline salary amounts and salary projections based on the geographical location of the proposed school, the needs of the targeted student population, and actual salary data for geographically proximate charter and

other public schools. Personnel and salary assumptions are also compared to projections contained in the staffing plan

- Verification that staffing needs described throughout the narrative of the proposed program are reflected in the budgets

- Determination whether reasonable inflation factors are reflected in the budgets

- Assessment regarding the completeness and reasonableness of projected costs related to the proposed facilities plan

The CSO will request clarification and additional financial information as needed on an application-by-application basis.

Approval or Non-approval

Based on the totality of the findings by all reviewers (internal and external, where appropriate), CSO will recommend for approval to the Board of Regents those proposals which are both legally sufficient and which provide the greatest likelihood of academic success and fiscal and organizational soundness. Where a proposal does not meet these requirements, the CSO will inform the applicant(s) of its recommendation as well as options available (withdrawal of the proposal from consideration, or likely rejection of the proposal by the Board of Regents based on the negative recommendation of the CSO).

Charter School Planning and Implementation Grant

As part of New York State's $113 million federal Charter School Program (CSP) grant, each new charter school is eligible to receive a CSP Planning and Implementation subgrant with a base amount of $500,000 over a three year period (planning year, implementation year 1, and implementation year 2). (*Please note that CSP grants are not awarded to charter schools affiliated with CMOs that have received federal CSP funds through the Charter Schools Program (CSP) Grants for Replication and Expansion of High-Quality Charter Schools (CFDA 84.282M), since accessing both funding streams is not permitted by the U.S. Department of Education.)* CSP grants may be applied for separately or as part of the charter school application kit, as the eligibility requirements of the grant application are integrated into the overall application process for a public school charter.

Consistent with the priorities articulated in the charter application kit, some applications will qualify for enhanced CSP funding of up to $750,000 in total. This increased subgrant award will be available for new charter schools that are specifically designed to address the needs of high-risk student demographic groups, such as:

- students with disabilities
- students who are English language learners
- students who are over-aged, under-credited, or at risk of not graduating from high school
- students who live in under-served rural communities

Increased subgrant awards are also available to schools located in communities seeking racial diversity; schools proposing to serve students who currently attend persistently low performing schools, schools that will implement technology-rich or blended instructional programs, or schools that are replications of existing high-quality charter school models.

Please note that the selection of applicants to receive the increased amount of CSP funding will be based on information provided in the schools' charter applications and not on responses or bonus points in the grant applications.

Grant Fund Use

Grant funds may be used for:

1. Planning and program design of the charter school educational program (prior to the arrival of students), which may include:

- Refinement of the desired educational results and of the methods for measuring progress toward achieving those results
- Professional development of teachers and other staff who will work in the charter school

2. Initial implementation of the charter school (after doors open to students) which may include:

- Informing the community about the school
- Acquiring necessary equipment and educational materials and supplies
- Acquiring or developing curriculum materials
- Other initial operating costs that cannot be met from State or local sources

Full guidance for allowable and unallowable uses of grant funds can be are described in *Section D. Use of Grant Funds* (starting on page 15) of USED's CSP 2011 Non-regulatory Guidance, which can be found at http://www.p12.nysed.gov/psc/grants.html.

All CSP award recipients must submit semi-annual and annual performance reports describing the progress that has been made toward meeting the project goals and, if the grant is to continue, a description of the upcoming year's activities associated with the grant must be included. Continuation awards in Years 2 and 3 of the grant period are contingent upon successful completion of project goals and objectives. CSP award recipients will be provided with copies of the report formats and the submission information.

Other Funding Opportunities Available

Regular Education Per-Pupil Funding

As public schools, charter schools are funded by public tax dollars that pass through the student's school district of residence. A portion of the per-pupil amount that a school district spends follows a student to the charter school. The following link provides information on current and historical charter school tuition rates: https://stateaid.nysed.gov/charter/

The Charter School Per Pupil Funding formula is a calculation that is derived using the individual as well as the total NYS Approved Operating Expenses (AOE) and Total Aidable Pupil Units (TAPU).

AOE is comprised of Total General Fund Expenses (TGFE) for NYS (or district) adjusted subtracting out the Total Deductible Revenues and Expenses.

Examples of Deductible Revenues include, but are not limited to:

- Health Services for Other Districts
- Textbook Aid
- Computer Hardware and Software

Examples of Deductible Expenses include, but are not limited to:

- Transportation Expenses
- Debt Service (principal and interest) for School Construction
- Refunds on Real Property Taxes
- Tuition

To demonstrate this formula for FY 2010-11 (the last year a formula was used to come up with charter school per pupil funding), the Albany School District will be used as an example.

The formula is comprised of FIVE major steps/components:

STEP/COMPONENT 1

Component 1 takes the AOE divided by the TAPU for each district for ***two*** years prior, in this case 2008-09. Albany in 2008-09 had an AOE of $157,603,071 and a TAPU of $12,521.

$157,603,071 / $12,521 = 12,587

To locate this information go to: https://stateaid.nysed.gov/sams/sams_info.htm and click on 'SAMS Public Reports'. Select the '2009-10' Claim Year then click the 'Submit' button. Select 'Albany City SD – 010100'. AOE can be located by selecting '2009-2010 - Approved Operating Expense Report (AOE)', line 53. TAPU can be located by selecting '2009-2010 - Attendance Output Report (ATT)', line 134.

STEP/COMPONENT 2

Component 2 utilizes the Total NYS (sum of all districts) AOE from ***three*** years prior, in this case 2007-08. 2007-08 NYS AOE = $39,185,601,451

STEP/COMPONENT 3

Component 3 utilizes the Total NYS (sum of all districts) AOE from ***one*** year prior (previous FY), in this case 2009-10. 2009-10 NYS AOE = $43,841,327,625

STEP/COMPONENT 4

Component 4 takes the previous year's Total NYS AOE (step/component 3) divided by the three years prior Total NYS AOE (step/component 2) to derive a percentage that will be used to determine the new per pupil rate.

$43,841,327,625 / $39,185,601,451 = 111.8%

STEP/COMPONENT 5

Component 5 takes the percentage derived in step/component 4 and multiplies by step/component 1 to determine the district per pupil rate, in this case 2010-11. Using Albany, 111.8% x 12,587 = $14,072

The table below shows how the per pupil amounts were calculated for Albany, NYC, Rochester and Buffalo:

		1	2	3	4
		2008-2009	**2007-2008**	**2009-2010**	**2010-2011 CSP**
		AOE/TAPU	**AOE**	**AOE**	**(2008-2009 AOE/TAPU)**
					X
	STATE TOTALS		39,185,601,451	43,841,327,625	**111.8%**
District					
010100	ALBANY	12,587	146,169,676	169,718,143	**14,072**
140600	BUFFALO	10,738	488,169,739	599,450,566	**12,005**
261600	ROCHESTER	11,115	459,367,685	484,762,931	**12,426**
300000	NEW YORK CITY	12,100	14,732,381,291	16,457,826,608	**13,527**

Please note that a school year and state aid year are different, for example the 2012-2013 school year would relate to state aid year 2013-2014.

Special Education Per Pupil Funding Breakdown

The Charter School Special Education Per-Pupil Funding formula is a calculation that is taken from the NYSED Calculation of High Cost Public Excess Cost Aid Report. The following link provides information on this calculation along with calculation worksheets that can be used to calculate

State Aid attributable to a student with a disability attending a Charter School: https://stateaid.nysed.gov/charter/.

A helpful website for Regular and Special Education Funding can be found at: **https://stateaid.nysed.gov/charter/pdf_docs/charterqa_05.pdf**

No Child Left Behind (NCLB)

The No Child Left Behind Act of 2001 (NCLB) was a reauthorization of the Elementary and Secondary Education Act (ESEA), the main federal law affecting education from kindergarten through high school. NCLB is based on four principles: accountability for results, more choices for parents, greater freedom for states and communities for more local control and flexibility, and an emphasis on using proven education methods based on scientific research.

All charter schools are eligible to receive Title I and Title II funding through No Child Left Behind, and some may be eligible for Title III based on the number of non-English speaking students in the school. The bulk of the Title I, II, and III funding is available to schools through formula allocations and is requested through a Consolidated Application submitted annually in August.

Title I, Part A (Improving Basic Programs Operated by Local Education Agencies) provides financial assistance to LEA's and schools with high numbers or high percentages of disadvantaged students to help ensure that all children meet challenging academic standards.

Title II, Part A provides funds to all LEA's for the purposes of meeting NCLB highly qualified teaching requirements, by:

- Providing high quality professional development to ensure that teachers become, and remain, highly effective in helping all students to learn and achieve high performance standards
- Meeting "highly qualified teacher" requirements for core course teaching through effective teacher recruitment, retention, and professional development practices
- Ensuring strong instructional leadership through effective principal recruitment, retention, and professional development practices

Title III provides funding for language instruction for Limited English Proficient (LEP) and immigrant students. However, because of their small size, most charter schools are ineligible to receive Title III funding as separate LEAs. This funding is based on the number of LEP and immigrant students enrolled, and to be eligible, LEAs must receive an allocation of $10,000 or more. LEAs with allocations of less than $10,000 may only apply as part of a consortium.

More information on No Child Left Behind can be found at http://www.p12.nysed.gov/nclb/.

New York State Stimulus Fund Grants

Periodically, SUNY's Charter Schools Institute releases an RFP for New York State Stimulus Find grants. These grants are generally provided to schools for expenses associated with 1) the acquisition, renovation or construction and financing of charter school facilities not located in free public space, or 2) technology. Proposals from schools that have a demonstrated record of positive student outcomes or that demonstrate compelling need for the project receive priority.

Other State and Federal Grants

Both NYSED and the Charter Schools Institute post grant opportunities, including both Federal and State grants, on their websites. The links to these postings are:

http://www.p12.nysed.gov/funding/home.html

http://www.newyorkcharters.org/schoolsGrantOpps.htm

Initial Statement Process and Review

Purpose

Charter schools approved by the Board of Regents are required to maintain at all times appropriate governance and managerial procedures and financial controls. During the first year following charter approval, each school must go through the Initial Statement Process and Review demonstrating to the CSO that the school has established adequate financial policies, procedures, and controls.

The required Initial Statement Process and Review provides reasonable assurance that the school can operate in a fiscally sound manner, beginning upon charter approval, and that sufficient procedures are in place to allow the school to begin implementing its education program effectively and guard against misuse of public funds. This requirement is designed to be a safety net for both new school operators and the CSO as a steward of public funds.

Procedure

Initial Statement Letter

Section 5.1 of each school's charter agreement requires the School Corporation to maintain appropriate governance and managerial procedures and financial controls. To demonstrate that these have been sufficiently established, new schools are required to provide an "*Initial Statement"* letter. Prior to providing this Statement, the school must first develop and actualize appropriate financial management controls and Board approved financial policies and procedures (FPP). The components that must be addressed in the Initial Statement letter provide a good checklist of the controls that a newly approved school needs to consider and address.

The Initial Statement letter must be reviewed and ratified by the school's Board of Trustees. The School Corporation shall provide a copy of its Initial Statement letter to the CSO no later than one hundred-twenty (120) days from the effective date of the school's charter. For example, if the effective date of the charter agreement is January 1st, then the Initial Statement letter is due to the CSO by May 1st of that same year.

The Initial Statement letter should address whether the School Corporation has established, documented, and implemented adequate internal financial controls and procedure controls relating to:

a. Preparation and maintenance of financial statements and records in accordance with generally accepted accounting procedures (GAAP)

b. Payroll procedures

c. Accounting for contributions and grants

d. Procedures for the creation and review of interim and annual financial statements (should specify, the individual(s) that will be responsible for preparing and reviewing such financial statements and ensuring that they contain valid and reliable data)

e. Existence of appropriate internal financial controls and procedures

f. Safeguarding of assets including cash and equipment

g. Compliance with applicable laws and regulation

h. Ensuring that the purchasing process results in the acquisition of necessary goods and services at the best price

Following appropriate guidance relating to a code of ethics, budget development and administration and cash management and investments.

In demonstrating status of aforementioned controls the school should include:

1) A description of the control

2) If the control is currently operational

3) Who at the Charter School is responsible for the control

Audit Engagement Letter for Initial Statement Agreed-Upon Procedures

The School Corporation must also retain an independent certified public accountant (CPA) or independent certified public accounting or audit firm licensed in New York State to perform an agreed-upon procedures (AUP) engagement (the "Independent Auditors' Report") in accordance with attestation standards established by the American Institute of Certified Public Accountants.

The purpose of the engagement is to assist the school's Board of Trustees and the CSO in evaluating the Initial Statement letter and underlying governance and financial management controls and Board approved financial policies and procedures that have been established. The engagement letter is to be submitted to the CSO no later than one hundred-twenty (120) days from the effective date of the school's charter. For example, if the effective date of the charter agreement is January 1st then the Initial Statement is due to the CSO by May 1st of that same year.

Commencement of Audit Engagement

The engagement for an Independent Auditors' Report must commence within sixty (60) days of the date on which a newly approved school has received and disbursed more than $50,000 in monies

received from payments from school districts, under section 2856 of the Education Law, or from grants or other revenue sources. The procedures to be performed by an independent certified public accountant or independent certified public accounting or audit firm should include the following:

- Procedure #1: obtain a copy of the School's accounting procedures manual of the School and review it to ascertain whether it includes accounting procedures for the preparation of the School's financial statement in conformity with generally accepted accounting principles (GAAP)

- Procedure #2: review the accounting procedures manual to ascertain whether it includes payroll procedures for the School and whether the School will hire an outside vendor to process the payroll

- Procedure #3: review the accounting procedures manual to ascertain whether it includes procedures for accounting for contributions and grants

- Procedure #4: identify and interview the person(s) responsible for School financial management regarding the existence of procedures for the creation and review of interim and annual financial statements

- Procedure #5: review the available trial balance and documentation supporting cash receipts, cash disbursement, and payroll expenses on a simple basis to observe the status of implementing established accounting policies and procedures

- Procedure #6: interview the person(s) responsible for School financial management regarding the existence of appropriate internal financial controls and procedures, including procedures related to ensuring that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported

- Procedure #7: interview the person(s) responsible for financial management of the School regarding the compliance with applicable laws and regulations and how they stay current with all laws and regulations. Obtain and review a copy of the School's Code of Ethics

- Procedure #8: review of the FPP to ascertain whether it includes procedures for ensuring the purchasing process results in the acquisition of goods and services at the best price

- Procedure #9: interview the person(s) responsible for financial management of the School regarding the existence of procedures for budget development and administration to determine if the School is following appropriate guidance. Obtain a copy of the most recent budget to determine if the budget was approved by the Board of Trustees of the School

- Procedure #10: read the FPP to ascertain whether it includes procedures for ensuring the School has procedures for cash management and investments, if applicable

The Accountant's Report

The resulting Independent Accountant's Report should be provided to the School's Board no later than forty-five days (45) after the commencement of the engagement between the School and the independent accountant or accounting or audit firm. At the same time, an electronic copy of the Accountants' Report should be submitted to the CSO.

In the event that the Independent Accountant's Report identifies weaknesses or deficiencies in financial management capacity or controls, the School Corporation must remedy such weaknesses or deficiencies no later than forty-five (45) days after the date of receipt of the Independent Accountant's Report by the School's Board. The School must also provide to the CSO within the same 45-day timeframe a statement attesting that all weaknesses and deficiencies identified in the Independent Auditor's Report have been corrected. Such statement shall identify the steps undertaken to correct the identified deficiencies and include: 1.) Date completed; 2.) Person responsible for the corrective action, and 3.) Actions taken.

The CSO, at its discretion, may require additional evidence to verify the correction of the deficiencies. All documents required to be submitted pursuant to this paragraph shall be submitted electronically in accordance with guidance provided by the CSO.

Additional information regarding the Initial Statement process can be located at:
http://www.p12.nysed.gov/psc/documents/InitialStatement.ppt

A template for the Independent Accountants' Report on the Initial Statement can be found as Appendix A in the Charter School Audit Guide found at: http://www.p12.nysed.gov/psc/audits.html

Annual Budget and Financial Reporting

Purpose

A school's annual budget should be balanced and account for all program needs described in the approved charter application and charter contract. The approved annual budget will serve as a tool for ensuring the financial soundness of the organization, Board oversight, planning, real time management of revenues, expenses, and cash, and analysis of spending patterns.

The major assumptions of what each school's budget is built upon include the following: projected enrollment, staffing, the level of wages and benefits, facility costs, and non-personnel costs needed to execute the educational program and meet identified student needs. The rest of the budget accounts for daily operating essentials (heat and light) and other program priorities. A well run school has clearly defined budget development procedures, preferably in writing, that ensure input is received from all key stakeholders and results in a full consideration and timely approval by the board of trustees. A sample budget timeline is provided below.

It is critical that a school operates pursuant to a long-range financial plan since the financial decisions made today also impact the future of the school. The CSO does not require schools to submit multi-year budgets annually; however it is in a school's best interests to maintain and update a rolling fiscal plan that extends at least through the term of the charter.

Well-run schools usually produce monthly interim financial reports. Minimally, schools report on a quarterly basis. Typical interim financial reports generated by charter schools are a statement of activities (income and expenses or income statement or profit and loss (P&L) statement), a budget status report (budget vs. actual), and statement of financial position (balance sheet). Reports should be prepared in accordance with generally accepted accounting principles (GAAP) for not-for-profit corporations. Accrual accounting is required by GAAP, so schools should resist any temptation to prepare reports on a cash basis, except for cash flow reports, which ultimately may mislead. school leaders, trustees and the CSO if those reports are requested.

Procedure and Review

Each charter school newly approved and starting its first operational year ("YR 1") must submit the school's annual budget for YR 1 along with quarterly interim reports, which include an unaudited statement of activities and statement of financial position, to the CSO according to the due dates outlined below.

Report *	Reporting Period	Due Date
Yearly Budget	July 1 – June 30	June 30
Quarter One Interim Report	July 1 – September 30	November 15

Quarter Two Interim Report	October 1 – December 31	February 15
Quarter Three Interim Report	January 1 – March 31	May 15
Quarter Four Interim Report	April 1 – June 30	August 1

*Reports should be submitted electronically to the CSO at charterschools@mail.nysed.gov).

Additional YR 1 financial requirements can be found at: http://www.p12.nysed.gov/psc/OversightPlan.html by clicking on 2012-2013 Opening Procedure Checklist.

Schools after operational YR 1 are not required to submit annual budgets and quarterly reports unless requested. The CSO, at its discretion, may request the submission of these reports at any point for any given charter year.

Whenever a material change in a school's program occurs (e.g. enrollment increases or decreases, change in the grade levels to be served, change in facility, etc.) the school must also submit a revised budget to the CSO demonstrating the impact of such material change no matter the charter year or term. The CSO reviews each budget submission and assesses the overall reasonableness of revisions and/or assumptions. The budget(s) submitted to the CSO establishes the school's spending priorities and annual spending authority for school operations. The CSO guidance on material changes may be found here: http://www.p12.nysed.gov/psc/CharterRevisionRequests.html.

Each school has the autonomy and responsibility to decide its own spending priorities. As a result, the CSO review of the annual budget and quarterly reports when submitted is limited to the following: timeliness of submission, accuracy and reasonableness. A school's failure to develop and approve an annual budget and produce quarterly reports in a timely manner raises red flags and is an indicator of potential or significant management deficiencies.

The CSO reviews annual budgets and interim quarterly financial reports when they are required or requested to assess whether the school is being operated in a fiscally sound manner and is meeting enrollment targets. Mathematical accuracy of budgets (and quarterly reports) is a minimal requirement and expectation for all schools. A determination of reasonableness is more complex and is best determined at the school level. However, the CSO analysis is designed to identify possible errors of significance or unreasonable assumptions that may put the school's financial health in peril. The CSO analysis takes into account each school's program, history, and financial trends. Specific focus is placed on, but is not limited to, the following analysis and indicators:

- Enrollment is reviewed for consistency with the approved charter and reported requirement efforts

- Actual per pupil revenues as a percentage of total budgeted per pupil revenues, which is an indicator of the accuracy and reliability of enrollment projections, and enrollment fluctuations

- Other types and amounts of revenues are reviewed in comparison to approved budgets and for historical consistency, other information known about a school's revenues (such as fundraising) and other schools serving similar student populations or in geographic proximity

- An analysis of expenses is conducted that focuses on salaries and employee benefits, occupancy, insurance, professional services, curricular materials and capital expenses. Schools are primarily compared to their individually approved budgets (e.g., actual vs. planned results), but at times comparisons are made to actual and/or budgeted expenses for other schools

- Net change in net assets, cash, accounts receivable and accounts payable levels

- Actual expenses compared to the adopted budget on a percentage basis

- Significant variances between line item actual revenues or costs with approved budget line items. This analysis occurs when a budget status report is provided

Sample School Budget Development Timeline

	Dec	Jan	Feb	Mar	Apr	May	Jun
Board establishes budget priorities and guidelines							
School Board and leadership monitors current year budget to inform new budget	Ongoing						
School leadership and/or financial staff develop preliminary revenue and expenditure forecasts							
School leadership and/or financial staff update forecasts			Ongoing				
School leadership and/or financial staff and/or Board finance committee obtain input from key stakeholders							
Initial budget draft is developed by school leadership and financial staff for discussion with board							
Initial budget is revised and updated based on discussions							
Updated budget is adjusted for "final" per pupil information / levels							

Draft "final" Budget is prepared by school leadership and/or financial staff for submission to Board							
Board adopts final budget							

The budget adopted in June would be implemented in the following school year.

Cash Flow Projection

Schools need to develop monthly cash flow projections to be sure that cash outflows will not exceed inflows during a school or fiscal year (unless consciously planned for unusual program or other needs, such as a facility acquisition). Failure to estimate cash inflows and outflows in the early stages and years of a school's operation is equivalent of living paycheck to paycheck; it is not a responsible way to run a new or early-stage school. In the case of more seasoned schools with strong cash reserves, cash flow projections also assist a school's leadership and board in anticipating times during the year when cash will be needed versus when some cash can be invested to maximize interest income. Cash flow projections take on increasing importance during times of budget cuts or in instances when increases in per pupil revenues are not keeping up with core expense increases, especially for schools at full enrollment.

Cash flow projections allow a school's Board and leadership to be aware of trends in monthly net inflows and outflows, to identify periods of time during a school year when cash outflow may or will exceed inflow, and to plan to cover or alleviate cash inflow shortages with previously accumulated available cash, by revising spending plans, or accessing (if feasible) an operating line of credit.

In addition to anticipating the timing of cash inflow and outflow, it is equally critical to understand the impact of accounts receivable and accounts payable at the beginning and end of each year. Schools that consistently fail to accurately anticipate the timing and magnitude of inflow and outflow, and receivables and payables, risk insolvency.

Estimating the impact of cash inflow and outflow, and accounts payable and accounts receivable, is more important for schools that have limited financial cushions. It is all too common for schools to assume that inflows and outflows even out over time, and therefore forego creating detailed cash flow projections. This is risky business and could result in severe, unanticipated cash shortages, which could destabilize school operations and/or jeopardize accomplishment of the school mission.

While charter schools in New York are not funded at the same level as other public schools, they should benefit from advantageous timing of the payments they receive from district schools. Per-pupil revenues are received every two months beginning in July. This front-loading of revenues is fortuitous, since there can be significant delays in the provision of other forms of revenue to charter schools, particularly federal and/or state government grants. Schools need adequate working capital in the form of available cash to operate seamlessly when a grant check is "in the mail." Use of cash flow projections improves a school's ability to ensure it has adequate working capital on hand at all times.

Sample Cash Flow Table

	School 1	School 2	School 3
Current Cash (on hand)	**$ 10,000.00**	**$ 175,000.00**	**$ 800,000.00**
Upcoming income (next 2 months)			
Per Pupil	$ 450,000.00	$ 450,000.00	$ 450,000.00
Total Income	**$ 450,000.00**	**$ 450,000.00**	**$ 450,000.00**
Upcoming expenses (next 2 months)			
Monthly Expenses (2 months)	$ 60,000.00	$ 60,000.00	$ 60,000.00
Payroll (4 cycles)	$ 250,000.00	$ 250,000.00	$ 250,000.00
Total Expenses	**$ 310,000.00**	**$ 310,000.00**	**$ 310,000.00**
Remaining cash balance	**$ 150,000.00**	**$ 315,000.00**	**$ 940,000.00**

Audits

Purpose and Procedure

It is crucial that charter schools spend both public funds and private donations appropriately and with ample transparency. To ensure that this is done, charter schools are required to obtain an annual financial statement audit by an independent auditor and, if applicable, a Federal Single Audit in accordance with Government Auditing Standards and OMB A-133 (Note: Starting with the 2015-2016 school year, OMB's Uniform Guidance will supersede OMB A-133), per the New York Charter Schools Act of 1998. In addition, each school is subject to discretionary audits by the New York State Office of the State Comptroller. The CSO uses the results of school's annual audits as part of its ongoing fiscal oversight. The review procedures for each audit type are described below.

Annual Financial Statements

Charter schools are required to have an annual financial statement audit conducted by an independent auditor. The CSO has released a separate Charter School Audit Guide to provide additional guidelines to assist charter schools in New York State and their auditors through the annual audit process. The guidelines are also intended to provide some uniformity in the reporting by charter schools and to assist the Board of Regents in meeting its responsibilities for ensuring accountability over public funds and for reporting annually to the Governor and Legislature on the status of charter schools. Readers of this Guidebook should refer to the Audit Guide before proceeding through this section.

In reviewing each school's annual financial statement independent audit report, the CSO looks to ensure that the financial statement presentation is consistent with generally accepted accounting principles for not-for-profit corporations. The report is also reviewed for consistency with required standards (generally accepted auditing standards and Government Auditing Standards) and to ensure that appropriate standards were used to conduct the audit. The CSO review also focuses on the following matters:

- Independent audit report is received by the due date of November 1. Audit report submission timeliness, or lack thereof, can be an important indicator of the school's financial management and reporting capacity and internal controls. Repeated failure to meet the reporting deadline can result in probation, or in extreme cases, revocation of the charter

- The type of independent auditor opinion (unqualified, qualified or adverse). Any opinion other than *unqualified* is a red flag that will be investigated and followed up on immediately

- The existence of a management letter, the number and types of findings or deficiencies that were disclosed therein, and whether any findings and deficiencies are recurring. Recurring

findings and deficiencies are closely scrutinized and CSO follow up on the status of remedial or corrective action often occurs

- Material non-compliance. In such cases where this is found, the CSO will closely monitor schools to ensure prompt corrective action and follow up are occurring. Recurring significant deficiencies, material weaknesses, or material non-compliance may result in the determination that the school is not operating in a fiscally sound manner

- The financial condition of a school at year end and financial trends over time (i.e., three to five years)

- Appropriate disclosure of related party transactions and the adequacy of the transactions disclosed

- Financial statement footnotes, which are reviewed for general information, capitalization policies, subsequent events, and lease and debt information

Audit-related documents should be submitted electronically by November 1st and are uploaded as a .pdf file through the CSO Review Room portal found at: http://p1232.nysed.gov/psc/2011-2012AnnualReportPage.html. If the school has received a management letter, a copy of the management letter, the school's response to the management letter, and the school's corrective action plan, if required, should be submitted concurrently with the audited financial statements.

If the school received more than $500,000 in federal funding (starting with the school year 2015-2016, threshold was raised to $750,000),a Federal Single Audit report must be submitted electronically within 30 days of receipt but no later than nine months after the fiscal year end (or March 31 of the following year).

Federal Single Audits

The objectives of the Annual audit requirements include reporting on federal programs when a charter school's annual expenditures of federal funds exceed a threshold of $500,000. Schools exceeding this spending threshold must comply with the provisions of the Single Audit OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The charter school is responsible for:

- Identifying, in its chart of accounts, the source(s) of all federal funds awards and reporting annual receipts and expenditures for each federal award

- Complying with applicable laws, regulations, and the provisions of contracts or grant agreements for each federal programs

- Preparing appropriate financial statements, including a prescribed schedule of expenditures of federal awards

- Ensuring that Federal Single Audit content and submission requirements are met

Following up, and taking corrective action, on audit findings in the current year and recurring findings from prior years. Currently, a small percentage of charter schools exceed the threshold requiring performance of a Single Audit. However, all schools should be aware that they are required to follow federal accounting and cost principle requirements whether they meet the audit threshold or not. As each charter school is a local educational agency for federal grant purposes, every charter school receiving federal funds must follow OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments. Charter schools must also adhere to applicable US Department of Education General Administrative Regulations (EDGAR) and Circular A-102, Grants and Cooperative Agreements with State and Local Governments.

Starting with the 2015-2016 school year, OMB Circular A-87 and Circular A-102 will be superseded by OMB's Uniform Guidance.

Schools whose annual expenditures of federal funds necessitate preparation of a Federal Single Audit must meet filing deadlines and other requirements, to include filing Single Audit reports no later than nine months after the end of the fiscal year and, when applicable, specifying corrective action plans to address audit findings.

The CSO review of Single Audit reports is limited to the following areas:

- Timeliness
- Appropriateness of format
- Inclusion of known federal awards in the schedule of federal awards
- Assessment of audit findings or questioned costs
- Adequacy of corrective action plans, if applicable

Audits by the New York State Office of the State Comptroller

The New York State Legislature enacted a series of bills designed to improve public school accountability and provide additional funding for public school audits. The legislation charged the Office of the State Comptroller (OSC) with auditing more than 800 school districts, boards of cooperative educational services ("BOCES"), and charter schools within a five year period. The audits are designed to help deter and expose fraud, theft, and professional misconduct and to identify financial management and controls best practices by reviewing the internal controls, financial practices and operations of school districts, BOCES, and charter schools. These audits help strengthen transparency and accountability for use of public resources. OSC audits focus on the adequacy of internal controls in policy and in practice, and specifically whether safeguards exist over cash receipts and disbursements, purchasing, claims approval, payroll, capital assets and consumable inventories.

The law initially required the State Comptroller to audit each school district, BOCES, and charter school at least once by March 31, 2010. Currently, it is within OSC's purview to decide which schools or school districts to audit each year based on a risk-assessment process that may include investigations of alleged improprieties, previous audit findings, or other financial indicators. OSC is required to provide reasonable prior notice to schools and school districts before conducting audits.

The CSO uses the results of audits conducted by OSC to inform its overall fiscal oversight of charter schools and is prepared to assist charter schools, to the extent possible, in implementing OSC audit recommendations. OSC recommendations generally focus on strengthening internal controls over capital assets, financial-related duties, purchasing and procurement, and information technology systems. Schools should also be proactive in regularly updating internal controls and financial management policies and procedures regardless of whether audited by OSC.

In addition, statutory provisions require that all OSC audit reports must be made available to the public by OSC, by audited school districts, BOCES, and charter schools. Entities that are audited by OSC must post and retain audit reports on their websites for at least five years. State law also requires the Comptroller to refer any identified or potential criminal misconduct to the appropriate authorities.

The OSC has acknowledged that charter schools are exempt from most State and local laws, rules and regulations, except those governing health, safety, civil rights and student assessment. Therefore, when conducting audits of charter schools, OSC focuses predominately on reviewing and evaluating financial statements and related documents, assessing current financial practices, and determining whether adequate protections exist against fraud, theft or professional misconduct. The OSC uses computer-assisted auditing software to analyze schools' financial databases. The auditing software reviews every entry in school databases to identify any high-risk transactions that warrant further analysis and review.

Challenges to the authority of OSC to audit charter schools resulted in an amendment to the NYS Charter Schools Act (Article 56 of the Education Law) to define charter schools as political subdivisions for this purpose. Chapter 56 of the Laws of 2014 includes language that states that charter schools that are located in New York City are subject to financial audits by the New York City Comptroller and charter schools located in the rest of the State are subject to financial audits by the State Comptroller.

NYSED State Aid Intercept

Charter schools receive funding directly from the district of residence for each of its students. If a school enrolls students from more than one district, it receives bimonthly payments from each students' districts of residence. This amount and the process for collecting those amounts vary by district (https://stateaid.nysed.gov/charter).

If a charter school does not receive payment from a student's district of residence after following that district's protocols for collecting payment, the school may file a State Aid Intercept form.

Information related to the State Aid Intercept process which includes the 'Charter School Request for State Aid Intercept' and 'State Aid Intercept Spreadsheet for Schools' can be located by clicking the links below.

http://www.p12.nysed.gov/psc/form.html
http://www.p12.nysed.gov/psc/documents/2012CSRequestfoStateAidIntercept.doc
http://www.p12.nysed.gov/psc/documents/2012StateAidSpreadsheetforSchools.xls

Fiscal Dashboard Report

Purpose

The purpose of the Fiscal Dashboard Report is to provide a simple, yet dynamic and easy to understand, tool to view financial data. It is used to compile a visual overview of the fiscal health and trends of every Board of Regents authorized charter school that has completed one year of operation and, as a result, has submitted annual audited financial statements (e.g. statements of financial position, activities, cash flow and functional expense).

Schools may have developed their own at-a-glance fiscal analysis documents over the years. Even if so, this tool can serve as an added resource insofar as it provides access to a rich amount of comparative data. For schools that do not have fiscal analytical tools in place, the Fiscal Dashboard Report can be used as an instrument to view concise financial information on a yearly basis. By using the Dashboard Report, school leadership teams should have a better sense of the financial health of a school on an ongoing basis as a result of examination of Dashboard Report indicators. The Report can also identify and address financial discrepancies or warning signs as they may appear.

Additionally, the Fiscal Dashboard Report provides the following benefits for schools:

- **It serves as a resource tool for schools and school boards.**
  The Fiscal Dashboard includes commonly used financial ratios and per pupil analyses which schools and their Trustees can use to gauge fiscal trends, stability and viability. Financial ratios are a valuable and easy way to interpret statements of financial position and activities contained in audited financial statements.

- **It provides transparent financial information that the CSO will review at the time of charter renewal.**
  NYSED is responsible for evaluating whether or not a school has maintained adequate financial resources to ensure stable operations and has monitored and successfully managed cash flow. The dashboard demonstrates to schools some of the information NYSED looks at in determining if fiscal renewal benchmarks have been met.

- **It is a means of comparison to similar schools.**
  The Fiscal Dashboard Report provides a charter school with an instrument by which to compare financial performance with that of a peer school (e.g., schools with similar enrollment and grades served, etc.). Caution should nevertheless be exercised in making school-by-school comparisons since schools serving different missions or student populations are likely to have substantially different educational cost bases or financial models. Comparisons with schools with similar enrollment, grade level, student populations, and instructional program characteristics are most valid.

The Dashboard Report and its components were modeled after and are aligned with the Framework Structure developed by the National Association of Charter School Authorizers ("NACSA") in their Financial Framework Guidance. NACSA (http://www.qualitycharters.org) is the nation's leading authority on charter school authorizing. NACSA is committed to advancing excellence and accountability in the charter school sector and to increasing the number of high-quality charter schools across the nation.

The Dashboard Report is also in full alignment with the NYS Board of Regents Charter School Renewal Policy and Performance Framework (http://www.regents.nysed.gov/meetings/2012Meetings/November2012/1112p12a1.pdf). The CSO Performance Framework allows the CSO to evaluate schools not only during a school's charter term, but also assist in decision-making at the time of charter renewal.

General Design

The Fiscal Dashboard Report is a multi-page document that consists of *four* sections (*five* tabs). Each section provides a unique look into different data sets and information as it relates to the school as reported in their annual audited financial statements. Sections include:

Dashboard

Information represented in this section contains general information about the school for the fiscal year selected including:

- Contact Information
- Region
- Years of Operation
- Grades Served
- Enrollment
- Maximum Enrollment

Also featured in this section is key Statement of Activities (Revenue, Expenses, Surplus/ (Deficit)), Statement of Financial Position (Assets, Liabilities, Net Assets), and Cash Flow data from the annual audited financial statements. Additionally, a summary of Key Performance Metrics derived from the financial statement data is represented. These metrics, both near and long (sustainable) term, will be used, as described in the following sections, to evaluate the school's fiscal stability and solvency.

Evaluation Master

This section displays information for the targeted, as well as a peer or comparison, school and fiscal year selected. Information demonstrated in this section includes financial indicators, both near and long term, and a financial composite score. For each indicator, the current metric of the target and peer school is exhibited along with the school's performance rating. Performance ratings include:

- Meets Standard (Low Risk)
- Adequate (Moderate Risk)
- Requires Review (High Risk)

The CSO notes a school's ability to address unexpected financial challenges — ranging from delays in district payments to flat or even reduced per pupil funding, while still planning accordingly for the school's future, is becoming increasingly important. The CSO recognizes there may be circumstances that cause a school to be placed in 'Meets Standard (Low Risk)', 'Adequate (Moderate Risk)' or 'Requires Review (High Risk)' categories for one or more of the measures contained in the Evaluation Master. These labels serve as alerts to both the CSO and a school that further investigation and analysis may be needed.

Indicator Evaluation Groups

- **Near-Term Evaluation**
  This section looks at short-term metrics and ratios to evaluate the school for one to three years along with an average for those years. Ratios include:

  - *Current (also known as Working Capital (W/C)) Ratio*
    Current Ratio (CR) is a measure of operational efficiency and short-term financial health. CR is calculated as current assets divided by current liabilities.

  - *Unrestricted Days Cash*
    The unrestricted days cash on hand ratio indicates how many days a school can pay its expenses without another inflow of cash. Calculated as Unrestricted Cash divided by Total Expenses/365.

  - *Enrollment Stability*
    Enrollment stability tells authorizers whether or not the school is meeting its enrollment projections, thereby generating sufficient revenue to fund ongoing operations. Actual Enrollment divided by Enrollment Projection in Charter School Budget.

- **Financial Composite Score**
  This section accounts for an institution's total financial condition. The CSO evaluates the financial health of schools using a blended score that measures an institution's performances on key financial indicators. The blended score allows sources of financial strength to offset areas of financial weakness. To calculate: Step 1: Calculate Three Financial Ratios from Financial Statements (Primary Reserve Ratio, Equity Ratio, and Net Income Ratio). Step 2: Convert Ratio Results to Strength Factor Scores. Step 3: Multiply the Strength Factor Scores by a Weighting Factor. Step 4: Add the Weighted Strength Factor Scores to Obtain the Composite Score.

- **Long-Term Evaluation**
  This section looks at long-term or sustainable metrics and ratios to evaluate the school for one to three years along with an average for those years. Ratios include:

  - *Total Margin*

Total margin measures the deficit or surplus a school yields out of its total revenues, in other words, whether or not the school is living within its available resources. Calculated as Net Income divided by Total Revenue.

- *Debt to Asset Ratio*
  Measures the extent to which the school relies on borrowed funds to finance its operations. Calculated as: Total Liabilities/ Total Assets.

- *Cash Flow*
  Cash flow is an assessment of change in cash from operations, financing, and investing over a given period.

- *Debt Service Coverage Ratio*
  Debt service coverage ratio indicates a school's ability to cover its debt obligations in the current year. Calculated as: (Net Income + Depreciation + Interest Expense)/ (Principal and Interest Payments).

Graphs of School Fiscal Performance

This section uses information and ratio analysis from the Dashboard tabs to show a graphical representation of the financial data presented in the previous sections.

- *Revenues, Expenses & Change in Net Assets*
  This chart illustrates total revenue and expenses each year and the relationship those subsets have on the increase/decrease of net assets on a year to year basis. Ideally subset 2, revenue, will be taller than subset 3, expenses, and as a result subset 1, net assets - ending, will increase each year building a more fiscally viable school.

- *Enrollment vs. Operating Expenses*
  This chart illustrates to what extent the school's operating expenses have followed its student enrollment pattern. A baseline assumption that this data tests is that operating expenses increase with each additional student served. This chart also compares and contrasts growth trends of both, giving insight into what a reasonable expectation might be in terms of economies of scale.

- *Current Ratio / Debt to Asset Ratio*
  This chart illustrates Current and Debt to Asset Ratios. Current Ratio indicates if a school has enough short-term assets to cover its immediate liabilities/short term debt and is a measure of operational efficiency and short-term financial health. Debt to Asset Ratio indicates what proportion of debt a school has relative to its assets. The measure gives an idea as to the leverage of the school along with the potential risks the school faces in terms of its debt-load.

- *Days of Cash*

This chart illustrates how many days of cash the school has in reserves. This metric is to measure solvency – the school's ability to pay debts and claims as they come due. This gives some idea of how long a school could continue its ongoing operating costs without tapping into some other, non-cash form of financing in the event that revenues were to cease flowing to the school.

Additional Reporting Requirements

Board of Regents-authorized charter schools must ensure a timely response to all NYSED and CSO requests for information and reports. The charter school's failure to do so will be grounds for action under §2855 of the Education Law. Further, all Board of Regents-authorized charter schools are required to maintain the following records, throughout a school's charter term, for inspection by the Regents and/or their agents, including but not limited to the CSO staff:

1. Records concerning the enrollment and admissions process including all applications received and documents concerning the lottery process, if conducted
2. Student academic and health records
3. Attendance records for students including withdrawals of students from the school
4. Individualized Education Programs (IEPs) for students with disabilities enrolled in the school
5. Staff rosters, including records of hiring and termination of employees of the school
6. Evidence of credentials for all teachers including certifications
7. Evidence of credentials of Title I paraprofessionals, if applicable
8. Evidence that required background checks have been conducted
9. Certificates of occupancy
10. Other facility-related certifications, reports or permits
11. Lease agreements
12. Deeds
13. Loan documents
14. Records pertaining to the receipt and expenditure of all grants
15. Contracts in excess of $1,000

16. School policies in areas such as financial management, personnel, student discipline (including suspension and expulsion), health and safety, student records access, and transportation

17. Complaints and/or grievances received by the school, including but not limited to, complaints received by the board of trustees pursuant to §2855(4) of Education Law, together with all documentation of all actions taken in response

18. Inventory of all assets of the school

19. Minutes of each meeting of the Board of Trustees and documentation of public notifications of such meetings

In addition, all charter schools must provide a written request to the CSO at least ninety (90) days prior to the anticipated implementation of any change to the approved charter (including charter agreement), but not limited to:

- a change in the school's curriculum or instructional approach
- a change in the school's by-laws
- a change in the school's code of ethics

In addition, charter schools must provide written notice to the CSO within five (5) business days of the occurrence of any of the following:

- additions to or removals of members of the Board of Trustees
- any change of the director/principal of the school
- execution of contracts or incurring of debt in excess of $25,000
- receipt of a summons and/or complaint in which either the school or any member of the board of trustees (acting in his or her capacity as a member of the board of trustees) is named a party to the action

Recommended Internal Control Practices for Charter Schools

Introduction

The purpose of this section is to provide charter schools with an understanding of key internal controls for which they will be accountable and a description of recommended practices for achieving those controls. This document is not intended to substitute for sound management's judgment nor should it be considered all-inclusive. The practices identified in this document are indicators of an effective system of internal controls. Charter school operators are urged to compare the practices contained in this document to practices currently in place at your school or school network as a way to determine if your internal controls can or should be improved. When considering the implementation of any internal control, charter school operators should take into consideration that the potential cost of establishing any specific internal control should not exceed its expected financial or operational benefits.

All charter schools should have clearly defined internal controls in place. The objective of internal controls is to provide management with reasonable, but not absolute, assurance that academic and non-academic goals are being achieved; operations are efficient and effective; assets are safeguarded; laws, regulations, and good business practices are being adhered to; and accurate, timely, and reliable financial data are maintained at all times. Internal controls touch all activities of a school, extending beyond accounting and financial functions. It is important to note that even the best internal controls may break down due to cost constraints or management override, collusion, or bad judgment.

An understanding of the components of internal control are best described in the context of standards that apply to independent financial audits. For example, the Association of Independent Certified Public Accountants (AICPA) divides internal control into five interrelated components[2]: the control environment; risk assessment; control activities; information and communication; and monitoring.

A school provides foundational discipline and structure for all components of internal controls and sets the tone for human behavior. The school's assessment of risks (i.e., any threat to achieving the school's business objectives) helps school operators form a basis for determining how risks should be managed. Control activities consist of policies and procedures that help ensure that management directives are carried out. Communication of information is critical to school employees effectively carrying out their responsibilities. Monitoring is an internal process that assesses the effectiveness of a school's internal controls over time.

[2] AICPA Statement on Auditing Standards 2.57

This section of the Guidebook focuses in particular on the third component of internal control: control activities. Control activities can be in the form of preventative measures or policies designed to deter inappropriate activities from happening. Detective controls are designed to detect and correct undesirable events that have already occurred. Corrective controls either remedy the circumstances that allowed unauthorized activities to occur or re-establish control safeguards and practices to ensure subsequent breakdowns do not take place. Control activities can typically be categorized as: performance reviews (e.g. comparison of actual financial performance to an approved budget); information processing controls; physical controls; and segregation of duties.

Before moving to the list of control practices, it is important to highlight a challenge that many charter schools face in segregating financial related duties. Adequate segregation of duties consists of no single individual having control over two or more phases of a financial transaction or financial business operations (such as disbursement authorization, financial recordkeeping, and custody of funds). While segregation of duties is a basic, key internal control, adequate segregation can be difficult to establish in many charter schools because of their relatively small size. Adequate segregation of duties increases the likelihood that innocent errors will be found and corrected. More importantly, appropriate segregation is a preventive mechanism against deliberate fraud unless collusion between two or more persons occurs. A school's governing Board should ensure, to the extent possible, that financial related responsibilities are separated among staff, and when duties cannot be adequately segregated, that additional controls are put in place and regularly monitored.

Compensating controls are less desirable than adequately separating financial related duties because compensating controls generally are put into place after a financial related problem has occurred. However, in the case of charter schools that do not have the financial and/or staff resources to establish adequate separation of duties, such schools should strongly consider implementing compensating controls at the board or school leadership/management level such as: establishing procedures for periodic review of accounting records to ensure they are up- to-date, complete, and accurate; or reviewing bank statements and reconciliations on a monthly basis to ensure that cash receipts are properly accounted for and cash disbursements are in accordance with board approved expenditure authorizations. Other compensating controls may include: periodically pulling and reviewing supporting documents for selected transactions; taking periodic counts of equipment or other tangible assets and comparing physical counts to accounting records for purposes of inventory control. Another compensating control is periodic review by the board and school leadership of budget verses actual financial performance and regular financial trend analysis. In many instances, such review and analysis will identify problem areas that warrant follow-up.

The following pages contain a detailed list of key internal control practices that charter schools should practice.

I. Governance

1. A charter school's code of ethics addresses conflicts of interest that may arise on the part of the school corporation and its board members or employees and is intended to ensure compliance with General Municipal Law § 806. Conflicted transactions, other than exceptions expressly noted in General Municipal Law § 802 should be avoided. When there is any doubt about whether a transaction or activity might be potentially conflicted, such transaction or activity should be fully and completely disclosed by the individual or individuals engaged in the transaction or activity.

2. Corrective actions are taken for all findings reported in the annual independent audit report (material weaknesses and/or significant deficiencies in internal controls over financial reporting) and/or the management letter (usually deficiencies in internal control that are not material weaknesses and/or significant deficiencies) issued by an independent auditor, a Federal Single Audit, or by third-party consultant reports and ensures corrective actions are taken as directed.

3. The board has established written policies and procedures for all facets of charter school operations. A summary of *required* charter school policies is attached. Internal controls and prescribed financial and operating policies and procedures are monitored and periodically assessed to determine if they are working effectively.

4. The board engages in active oversight of the school's financial situation by routinely receiving and discussing financial reports including but not limited to: budget implementation status reports, interim income statements and balance sheets, and analyses of actual cash flow to cash flow projections.

5. Board members are cognizant of their duties of care, loyalty and obedience. The duty of care requires a board member to be familiar with the organization's finances and activities and to participate regularly in financial reporting and oversight. Duty of loyalty requires that any conflict of interest, real or possible, must always be disclosed in advance of joining a board and whenever a potential conflict may arise. A board member has a duty of obedience to ensure that the school or organization complies with applicable laws and regulations and board-prescribed financial policies, procedures and practices.

6. All contracts that the board approves should be in the best interest of the school. Contracts must include clear performance terms and procedures by which the Charter School will evaluate the vendor. The contract should delineate information about all fees, payments and other amounts to be paid and clearly explains the method for calculation

The board should ensure that any investments made with school funds are considered safeinvestments, such as CDs or municipal bonds.

7. The board of a charter school or school network ensures that the school has a long-term financial plan (budget) for both capital projects and operating expenses. Long-term is

typically defined as five years, but at minimum should be equivalent to the term of the school's charter.

8. The board ensures that it has the cumulative financial knowledge and expertise to oversee the financial operation of a school and is cognizant of any aspects of financial operations vulnerable to potential fraud.

9. To the extent necessary, board members, school leadership, and business staff should ensure they understand their financial related duties and responsibilities and have the capacity to use and analyze financial reports.

10. The charter school's financial information systems are economical, efficient, and reliable, and financial reports are current and accurate.

11. The charter school has a disaster recovery plan. All computer files are secured with passwords or other controls, backed-up on a regular basis, and back up is stored at an offsite location.

12. Members of the board can articulate the charter school's budgetary objectives, including funding priorities, board-prescribed reserves, the approval process for incurrence of short and long-term debt, and policies for replacement of fixed assets.

13. The charter school periodically rotates financial duties or provides for sufficient staff coverage of financial duties in the event of vacation, illness, or other circumstances.

14. Appropriate financially focused committees of the board are established in accordance with Education Law requirements (i.e., that committees consist of at least three members). Appropriate committees include an audit committee whose members are capable of carrying out fiscal oversight responsibilities, and, to the extent necessary, a finance committee, a fundraising/development committee, a facilities committee, etc. In creating a committee structure, the board ensures that committee responsibilities are clearly defined, committee responsibilities do not unduly overlap duties, and committees that are unnecessary or may inhibit effective school governance are not established.

Strategic Planning

15. The charter school establishes a dashboard of key academic, non-academic, and financial performance indicators that it monitors regularly.

16. When or if it becomes necessary to refocus or shift a charter school's mission, the school's board and leadership develop a written strategic plan that includes goals and objectives, performance measures, and strategies to accomplish refocused or revised goals and objectives. The strategic plan is a key consideration in developing financial plans and budgets to accomplish a revised or refocused mission.

17. The charter school compares annual goals and objectives to actual performance, and makes corrections as necessary.

Budget Development and Budget Administration

18. The charter school has written policies and procedures addressing such items as budget development and approval timelines, budget administration, financial management accounting, and financial reporting.

19. The charter school has written policies and procedures in place guiding budget transfers and material increases/decreases in the approved budget. A formal budget amendment is used to document and report to the CSO any material increase or decrease to the approved budget.

20. The charter school has procedures and controls in place to ensure that the budget remains in balance throughout the fiscal year.

21. The charter school has policies and procedures in place to establish and maintain appropriate cash balances throughout the year. Encumbrance accounting, creation of reserves, or other control methods may be employed to ensure cash balances are sufficient at all times. Reported cash balances are regularly reconciled to bank statements, income statements (and budget v. actual reports for revenues and expenditures) are frequently monitored, and year-end cash forecasts are regularly updated to ensure the school is not trending toward overspending its budget or potential cash shortages. In the event a potential shortfall in projected revenues becomes known or likely, or if expenditures are likely to be significantly higher than originally anticipated, the charter school takes timely action to address these issues.

22. A budget status report is provided to the board on a regular basis (no less than quarterly) and to the individuals responsible for controlling spending.

II. Accounting and Reporting

Assessing Financial Condition

23. The charter school ends the school year with an operating surplus or a planned (i.e., not unexpected) deficit.

24. The charter school maintains a reasonable level of unrestricted net assets. The amount should be sufficient to permit the charter school to address shortfalls in revenue or unanticipated expenses.

25. The charter school's year-end unrestricted net assets are at least two percent (or other board designated target) of the approved budget for the upcoming fiscal year. The school's

board and leadership are aware of the concept of “expendable net assets” (unrestricted net assets less net fixed assets plus debt obtained for long-term purposes) when assessing its financial position.

26. The charter school analyzes the effects of long-term debt on its current and future budgets and financial viability.

Financial Accounting and Reporting

27. The charter school’s accounting system facilitates the preparation of periodic financial reports including year-end financial statements in accordance with generally accepted accounting principles.

28. The charter school's accounting system is integrated with key business functions including accounts payable, budgeting, general ledger, inventory/depreciation, requisitions and purchase orders, accounts receivable, and payroll.

29. All accounting transactions are supported by adequate documentation. Journal entries are supported by an explanation of the reason for the entry, the amount of each entry, and evidence of supervisory approval.

30. All accounting records (journals and ledgers) are kept up-to-date and balanced monthly.

31. Revenues, expenditures, payroll, general journal, and general ledger detail reports are printed at year-end and a copy is retained into perpetuity.

32. The charter school has adequate separation of duties for cash receipts, deposits, cash disbursements, disbursement approval, recording transactions, and bank account reconciliations. Adequate separation of duties requires separating four basic functions – authorization, custody, record keeping, and verification/reporting.

33. The charter school prepares cash flow projections to monitor cash availability and to help determine borrowing needs and the timing and term(s) of investments.

34. Each year after filing its Form 990 with the IRS, the charter school prepares a copy for public disclosure omitting the names and addresses of all contributors. The charter school makes available for "public inspection" a copy of IRS Form 990 and provides copies on request to all inquirers. Generally the IRS Form 990 copy is made available on the same day if the request is made in person or within thirty days in response to written requests made via regular mail, e-mail, facsimile or private delivery. (Charter schools that make their IRS Form 990 available on the Internet (in approved formats) are not required to distribute photocopies.

Auditing

35. The school's annual independently audited financial statements and the federal Single Audit, if applicable, are completed and submitted by prescribed due dates.

36. Corrective action plans are prepared and implemented for all findings, deficiencies, and material conditions cited in audit reports and/or accompanying management letters.

State and Federal Grants

37. All State and federal grant reports are filed on time and are complete.

38. The charter school has a system (computer or manually managed) to track required data for students with disabilities – i.e., enrollment, programming, costs, etc.

39. The charter school maintains documentation to support data reported for public excess cost aid for its students.

40. The charter school's board and leadership ensure the school applies for all state and federal grant funds that: a) it is entitled to receive, and b) it makes sense to pursue after assessing the administrative and other burdens associated with grant management. In addition, the charter school has procedures in place so that there is adequate communication and sharing of information within the school concerning active grants, particularly grants with restrictions.

41. The charter school applies a reasonable indirect cost allocation to all applicable grants or uses all grant funds for direct operating costs only.

42. All charges to grants are supported by adequate documentation.

43. Charter school financial, accounting, and business staff are familiar with federal and State compliance requirements such as the Circular A-133 Compliance Supplement, OMB Circular A-87, and any specific grant documents.

III. Revenue and Cash Management

Cash Receipts and Revenue

44. The board has authorized all charter school bank accounts.

45. Procedures are in place to periodically verify that only board-authorized accounts have been established.

46. Employees who handle cash operate under employee dishonesty bonds. Employees should be cross-trained and annual vacation leave should be required.

47. The charter school uses pre-numbered receipt forms or some other method (cash register, logs of tickets sold, pre-numbered tickets) to establish accountability for all funds collected, including such items as school lunch sales, soft drink sales, library fines, lost book fees, ticket sales for sporting events, concerts, plays, or other miscellaneous fees and charges.

48. Someone independent of cash collections and financial record keeping responsibilities opens mail, restrictively endorses all checks, establishes a record of all funds received, and prepares deposit slips.

49. Financial record keeping, bookkeeping, and accounting responsibilities verify that funds prepared for deposits are, in fact, deposited into the appropriate bank account. Generally, the person who prepares the initial cash receipt list is the person who crosschecks the cash receipt list to actual deposits slips.

50. Any individuals collecting cash reconcile the cash received with the register tape or log of tickets sold. Reconciliations are reviewed and approved by a supervisor.

51. Someone independent of the business, accounting, or financial office periodically verifies the reasonableness and completeness of all deposits.

52. The charter school has a procedure whereby its bank(s) will wire funds only after the bank(s) receives confirmation of a wire transfer request from a second person authorized by the charter school to approve the transfer.

53. All wire transfer notices are retained to support each transaction.

54. All cash and checks are kept in a secure location and deposited in a bank on a timely basis.

55. Cash balances on bank statements are reconciled to accounting records of cash balances on a monthly basis.

56. The individual responsible for bank account reconciliations obtains bank statements directly from the bank (via mail, pick-up, or other means).

57. The individual responsible for bank account reconciliations does not have any cash receipts and disbursements related responsibilities.

58. The individual responsible for bank account reconciliations obtains the “book balance” directly from the general ledger, not through an intermediary person or from some other document.

59. The individual responsible for bank account reconciliations compares bank statement deposit dates and amounts with cash receipts book entries.

60. The individual responsible for bank account reconciliations compares, on a test basis, the date, payee, and amount on cancelled checks with cash disbursements book/warrant entries.

61. The individual responsible for bank account reconciliations evaluates, on a sample or risk basis, endorsements on checks for reasonableness.

62. Once bank account reconciliations are completed, someone independent of the reconciliation process reviews all reconciliations for completeness and to ensure they do not include outdated or inaccurate items.

63. The school has procedures in place to ensure receipt of all revenues or in-kind services to which the school is entitled.

64. The charter school bills school districts in accordance with Commissioner's Regulations Section 119 and pursues intercept procedures in a timely manner, if necessary.

65. The individual responsible for accounts receivable billings is prohibited from performing cash receipt and disbursements duties.

66. A supervisor periodically reviews account receivables billings and reconciles total billings for the period to general ledger amount(s).

Cash Management and Investments

67. The charter school has a procedure in place to determine if excess cash is available for investment and, if so, that such amounts are transferred to interest bearing accounts on a timely basis to maximize revenues.

68. A summary record of key information is maintained for all investments to properly monitor and account for investments.

69. The charter school invests in only those types of investments permitted by the school's investment policy and applicable law, regulations, and guidelines.

70. The FDIC insurance limits on deposit accounts and takes reasonable steps to mitigate such risks at all times, but particularly if and when it is determined that risk is elevated.

71. Drawdown of grant funds is done in accordance with state and Federal requirements.

72. If authorized by the board, petty cash fund disbursements are limited to maximum amounts, require supervisory approval, and are supported by adequate documentation,, including original receipts or invoices marked "cancelled" when paid.

IV. Purchasing and Expenditures

Purchasing

73. The board has established a purchasing policy and identified the individual(s) responsible for incurring purchases and approving purchase orders.

74. The charter school has a working purchase order system that ensures that funds are available before orders are placed. Purchase orders will not be issued if there are insufficient funds.

75. The school uses a purchasing calendar to facilitate cyclical bidding/purchasing.

76. The charter school purchases goods and services through the NYS Office of General Services, county governments, correctional institutions, or from State contracts/organizations that serve the disabled, where possible, and when deemed appropriate, to achieve savings and avoid the cost of bidding.

77. The charter school has established and maintains a list of vendors with whom it customarily conducts business.

78. Procedures are established for the initiation, approval, and use of purchase requisitions and purchase orders.

79. All purchase orders are pre-numbered, all numbers are accounted for, and all forms are strictly controlled.

80. All requisitions/purchase orders are reviewed for appropriateness and the necessity of the items ordered.

81. The charter school limits use of confirming purchase orders (i.e. issuance of purchase order after an item is purchased) to emergency purchases.

82. All blanket purchase orders have a fixed monetary limit.

83. Upon receipt of goods, the charter school verifies the condition, quantity, and quality of the goods prior to making payment.

Accounts Payable

84. An accounts payable subsidiary ledger is maintained and its balances are regularly reconciled with vendor statements and general ledger control accounts.

85. Invoices are compared to purchase orders and receiving reports to verify prices, terms, etc. prior to payment.

86. The charter school takes advantage of discounts offered by vendors, when feasible.

87. All payments for consultant services are supported by signed and dated copies of contracts that provide the details, dates, and costs of the services to be provided.

88. All invoices are perforated or stamped at the time a payment check is signed to prevent paying the same invoice twice.

89. The charter school has procedures to follow up at regular intervals on outstanding purchase orders over 30 days old.

Cash Disbursements

90. The charter school has authorized at least two individuals to sign checks.

91. The charter school requires two signatures on checks over a threshold amount.

92. All checks are directly mailed to recipients upon being signed. All checks are mailed in envelopes with a protective security tint inside the envelope and are placed in a U.S. Postal letter drop box or handed to a U.S. Postal mail carrier.

93. If a check signing device or signature plate is used, adequate controls have been established over custody and use.

94. All blank checks and other financial stationery are safeguarded against theft, loss, or misuse.

95. Checks are not written to “cash.”

96. Adequate controls are maintained over hand-drawn checks and the use of hand-drawn checks is limited to emergency situations only.

97. The charter school protects its negotiable checks through use of security check stock that is unique, not easy to alter or reproduce, and includes multiple layers of document security features now available in the marketplace.

Payroll and Personnel

98. Charter school policies and practices prevent payments to employees in advance of services actually being rendered.

99. Prior supervisory approval is required for overtime payments.

100. The charter school’s approved budget contains separate line items for overtime and substitutes; and the school has a process in place to periodically analyze use of overtime and substitutes and to evaluate the potential need for additional staffing.

101. The charter school maintains adequate documentation supporting payroll (i.e., time sheets, leave accruals, etc.) to ensure that payments are made only for services actually rendered and that proper Federal grant documentation is maintained, if applicable.

102. The charter school has written agreements delineating compensation and benefits for employees who are not covered by union contracts.

103. Each employee must submit a time sheet or record of accrued leave usage for review and approval by a supervisor or school management.

104. Authorizations are maintained at the school site to support all payroll deductions.

105. Each payroll register is reviewed, approved, and certified by an employee designated by the board or school leadership to ensure the payments are accurate and justified.

106. The charter school routinely performs payroll audits that include review of payouts, floor checks, and reviews of payroll or personnel files to compare contracts/salary notices/board appointments/employee records to actual payrolls, and to ensure that amounts withheld from employees' paychecks are paid or routed to appropriate designations (i.e., the state and federal government, health care providers, retirement plan accounts, etc).

107. The charter school has written procedures in place prescribing employee recruiting and hiring processes (i.e., advertising/posting of position announcements, interview protocol, performance of reference/credential checks, steps and timeframe for extending job offers, acceptance of employment offers, establishing starting dates, etc.). In particular, references and credentials are verified to ensure prospective employees possess necessary qualifications and have accurately represented their prior work experience.

108. The charter school requires and maintains written authorizations for changes in individual employee compensation and benefits.

109. The charter school has a reliable system in place to track employee leave accruals.

110. The charter school requires periodic (preferably annual formal) evaluations be performed for all of its employees.

111. The charter school has a current, up-to-date employee handbook.

112. The charter school has on file at the school site a job description for each full- and part-time position, filled or vacant. Job descriptions delineate the qualifications required or sought for each position and the job duties and responsibilities for each position.

113. Unclaimed paychecks and employee W-2s returned to the school due to non-delivery are investigated to the extent possible to determine the reason(s) for these occurrences.

114. Duties are adequately separated so that the individual or individuals processing payroll transactions are different from the individual or individuals with responsibility for general ledger functions, payroll distribution, and reconciliation of the payroll bank account(s).

115. All payroll changes are authorized and documented in writing.

116. Procedures are in place to comply with IRS and NYS Department of Taxation and Finance regulations.

117. The charter school has procedures in place to ensure that all individuals working for the charter school are properly classified as employees or as independent contractors, and that W-2s and 1099s are appropriately prepared, provided to all employees and contractors, and filed with appropriate state and federal government agencies.

118. The charter school has procedures in place to ensure that current and prospective employees are fingerprinted.

Travel and Conferences

119. Travel to, and attendance at, conferences by school personnel is approved in advance by the board or by the executive officer to whom approval responsibility has been delegated.

120. The charter school has considered adopting the federal or State travel, lodging, and meal reimbursement rates for expenses incurred for charter school business. All claims for reimbursement of travel expenses for official charter school business must be in writing, itemized, supported with original receipts, and approved for payment.

121. The charter school has policy limiting the reimbursement of travel and meal expenses to expenses that are actual, necessary, and reasonable.

122. The charter school has a policy or procedure requiring board members and employees to provide an oral or written account of the benefits derived from attendance at conferences.

123. If the charter school provides travel advances, it has policies in place delineating the purposes and/or circumstances under which advances are appropriate. Such policies include an identification of employees by position type who may receive advances; descriptions of allowable uses and limitations on expenditure of advances; a summary of information and documentation required to account for advances; instructions on reconciliation of actual expenses (upon return from a trip) versus funds advanced; and the process by which employees must refund excess advanced funds to the school in a timely manner.

124. The charter school has policies in place prescribing allowable circumstances for providing food and beverages at meetings, training, and conferences held at or sponsored by the charter school.

125. The charter school has established a reasonable mileage reimbursement rate for employees who use their own vehicles for official school travel.

V. Facilities, Equipment and Inventory Control

Facilities Maintenance

126. The charter school has in-house staff or contracted service providers to conduct necessary daily and preventive maintenance to school facilities, grounds, furniture, fixtures, and equipment.

127. The school has a long-range plan for ensuring that its facilities remain in adequate repair and for replacing furniture, fixtures, equipment, technology, and other capital assets with limited or finite life spans.

128. The school monitors energy use and has examined options to reduce energy use and expenses.

Facilities Construction

129. The charter school is aware of the capacity needed to effectively plan, manage, and complete scheduled school construction projects; the school has the in-house or contracted capacity necessary to manage and execute school construction projects; and the school has a plan and the capacity to ensure it obtains necessary third-party approvals and building permits for school construction projects.

130. The charter school has cost control safeguards in place protecting the school against construction cost overruns, to include a clear process and requirements for approval of change orders, and a mechanism for monitoring actual project costs against budgeted project costs.

131. Appropriate professionals, such as architects, bond counsel, financial advisors, and/or project managers, manage and execute facilities construction projects.

Inventory Controls

132. Fixed (i.e., capitalized) assets are recorded at cost or fair market value by the charter school at time of acquisition.

133. The charter school has a capitalized assets depreciation policy that conforms to GAAP.

134. The charter school maintains complete, up-to-date inventory records to include the current value of all fixed / capitalized assets.

135. An annual physical inspection is performed to verify that all school assets are present and accounted for in assigned areas, in usable condition, and accurately recorded on the school's financial statements.

136. The charter school has designated an individual or individuals with explicit responsibility for maintaining a system of fixed assets inventory control.

137. All fixed (physical) assets are marked or tagged with ownership identification decals or labels.

138. The charter school's inventory control system ensures that complete and accurate records for all fixed (physical) assets are maintained at all times. The school's inventory control system includes an itemized description of each asset listing make, model, serial number, and asset class (machinery, equipment, etc.); purchase date and purchase value (or estimated value if the asset was a gift); accumulated depreciation and the amount of current year depreciation; and the funding or financing source(s) used to acquire the asset (i.e., general funds, federal funds, contributions or donations, bank loan, bond issuance, etc.).

139. The school's inventory control system and inventory records are updated periodically to ensure that all changes in the school's total fixed assets, to include new acquisition, disposition, relocation of physical assets, etc., are accurately recorded.

140. All school property, furniture, equipment, technology and other physical assets, to include consumable inventory, are secured in safe locations.

141. The charter school has a prudent and reasonable policy restricting use of charter school-owned assets, such as computers, phones, and vehicles, for official charter school business only.

VI. Student Services

Student Transportation

142. The charter school encourages the parents of students to file transportation request forms within required deadlines (by dates prescribed by individual school districts in New York City, and by April 1st for the rest of state).

143. The charter school has policies and procedures defining student eligibility for school-provided or other transportation services and expenses eligible for transportation aid.

144. The charter school procures transportation services from non-district providers through competitive bidding or by issuing RFPs (Request for Proposals).

145. The charter school monitors the qualifications and performance of bus drivers (hired or contracted by the school, or by the school's transportation provider), regularly inspects school-owned or contractor-provided buses, and maintains updated personnel files on bus drivers and updated records on the condition of the school's owned or contracted bus fleet.

Food Service

146. The charter school follows established US Department of Agriculture (USDA) guidelines for notifying parents, obtaining parent releases, processing applications, and making eligibility determinations for free and reduced price meals and/or milk programs.

147. The charter school maintains all documentation required by the USDA for free and reduced price meal and/or milk program applicants and recipients and accurately reports the total number of eligible applicants to the USDA and/or school district, including public release, parent letter, and a free and reduced price meal application.

148. If the charter school provides breakfast and/or lunch to its students but is not part of the district's food services program, the charter school files timely claims and therefore receives all reimbursements to which it is entitled from the district and/or USDA.

149. If the charter school employs a food services management company to operate its breakfast and/or lunch programs, the contract with the company was bid out and awarded to the lowest responding bidder.

150. The school has established procedures for: collecting money from students who pay for meals or milk; protecting the identities of children receiving free and reduced price meals; and accurately reporting the number of students who pay for meals or receive meals on a free or reduced price basis.

151. The charter school charges sales tax for the sale of food and drink to adults.

152. Cash receipts for breakfast and lunch programs and from vending machine sales are adequately controlled.

153. Food purchases adhere to established procurement practices and the food inventory is safeguarded.

154. Data on food sales data and trends are monitored and systematically compared to the cost of goods sold to identify any irregularities.

155. The charter school has procedures in place to conduct a physical count of the inventory of food and supplies no less than once quarterly and at year-end.

VII. Student Related Data

Attendance

156. The charter school has a comprehensive attendance policy and well-established procedures for taking attendance. The procedures set forth specific steps and individual responsibilities for taking and recording attendance.

157. The charter school maintains a record of each student's presence, absence, tardiness, and early departure in an attendance register, in which the reason(s) for all student absences, tardiness, or early departures are also recorded.

158. The charter school has implemented adequate controls over the input and access to attendance data.

159. Student attendance and individual student records are periodically reconciled to attendance registers to ensure that individual student records are accurate and up-to-date.

Reliability of Student Enrollment and Performance Data

160. The charter school has assigned specific responsibility for maintaining the accuracy of current enrollment and dropout data and for accumulating and reporting individual student and cohort academic performance data on state assessments.

161. Written policies and procedures have been developed and implemented to ensure accurate collection and reporting of enrollment, dropout, and individual student and cohort academic performance data.

162. The charter school provides adequate guidance, instruction, and training to all persons responsible for gathering, analyzing, and reporting student academic performance data.

163. Charter school leadership and/or staff review the accuracy of all student enrollment, dropout, academic performance data, and other data and information contained in the NYSED School Report Card and other reports issued by government agencies or by the school itself.

164. The charter school has controls to ensure that confidential individual student data (i.e. BEDS, enrollment, attendance, internal and external assessment results, etc.) are secured at all times, data input is reliable, and data output is accurate.

165. The charter school maintains copies of all reports submitted to NYSED and for all source documentation for each of the data elements reported in STEP or other publicly disseminated data reports such as student lists, test results, etc.

166. The charter school maintains records documenting the dates on which each student first entered the school, graduated from the school, or otherwise left the school prior to graduation and the reason(s) for leaving. If the charter school is a high school, the school has documented the dates on which each student entered, the ninth grade (cohort), took each required Regents examination or approved alternative test, and the scores on each exam or test segment achieved by the student.

167. If a high school, the charter school maintains source documentation for all cohort data that must be reported to the State Education Department (i.e. including but not limited to current ninth grade enrollment data, daily school registers, records of transfers in and out of the charter school, special education reporting and compliance files and records, etc.)

168. The charter school has policies and procedures in place to ensure that all students who should take state required assessments are tested.

169. The charter school has a system in place to determine the status of chronically absent students and those with unexcused absences, and to track the whereabouts of individual students, including those who have left the charter school.

170. The charter school classifies students who have been absent for 20 consecutive school days (without a legitimate excuse, i.e., serious illness) as dropouts.

Lottery Procedures

169. Charter School law requires charter applicants to clearly outline their lottery procedures, and their written policy must be aligned with their practice.

170. Lottery procedures must include a reliable method for ensuring randomness, integrity, and compliance with the statute. Lottery mechanisms must also meet standards of fairness, equality and access for all eligible students.

171. Lotteries may be overseen by independent auditors or another neutral party.

Required Charter School Policies

Policy Name	Required By	Guidance for Charter Schools
Access to School Records	Freedom of Information Law; Public Officers Law (POL)Article 6, § 84 et seq.; Charter Paragraph 7.3	
Open Meetings Law	POL Article 7, § 100 *et seq.*; Ed. Law § 2854(1)(e) Charter Paragraph 7.3	
Student Admissions and Enrollment	Education Law §2854 (2) Charter Paragraph 2.3	A charter school's student admissions and enrollment policies should include required anti-discrimination criteria and allowable admissions priorities.
Student Attendance	8 NYCRR 104.1(i)	A charter school's student attendance policies should require annual review of attendance data.
Student Disciplinary Code	Education Law §2851 (2) (h) Charter Paragraph 2.8	A charter school's disciplinary code (code of conduct) should set forth the rules and procedures by which students may be disciplined, including but not limited to expulsion or suspension from the school, consistent with the requirements of due process and with federal laws and regulations governing the placement of students with disabilities.
Hiring and Personnel Policies	Education Law §2851 (2) (g) Charter Paragraph 4.2	Qualifications sought by the school for hiring school leaders and administrators, teachers, and other school employees, along with position descriptions for all positions.
Health Services (Medication Administration)	Education Law § 2851(2)(r)	Specifically indicate procedures for administering medication to students who require medication at school daily.
Code of Ethics	Education Law §2851 (2) (v) Charter Paragraph 2.9	Charter school's code of ethics should set forth clear guidance to trustees, officers, and employees the standards of expected conduct

Policy Name	Required By	Guidance for Charter Schools
		and the process for disclosing potential conflicts of interest.
Complaints	Education Law §2855 (4) Charter Paragraph 2.11	
Special Education	Individuals with Disabilities Education Act (20 U.S.C. § 1401 *et seq*.), the Americans with Disabilities Act (42 U.S.C. § 12101 *et seq*.) and section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794	
Background Checks	2854(3)(a-2) of the Education Law and the applicable requirements of the Safe Schools Against Violence in Education legislation (Chapter 180 of the Laws of 2000) and part 87 of title 8 the Official Compilation of Codes, Rules and Regulations of the State New York	
Management and Financial Controls	Charter Paragraph 5.1	The School Corporation shall at all times maintain appropriate governance capacity, managerial procedures, and financial controls.
Equal Employment Opportunity	20 USC §1703; 42 USC §2000-e; 34CFR §106.9	These statutes prohibit charter schools from engaging in practices denying equal employment opportunities.
Family Educational Rights and Privacy Act (FERPA)	20 U.S.C. §1232(g); 34 C.F.R. Part 99	Law and implementing regulation applies to all charter schools receiving U.S. Department of Education grant or entitlement funds and requires schools to protect the privacy of student information and academic records.
Sexual Harassment	20 USC §1681; 42 USC §2000-e; 34CFR §106.9	
Title I Parental Involvement	20 U.S.C. §6318 (a)(2); §1118 ESEA; Non-Regulatory Guidance	Federal law requires all charter schools with Title I programs to develop a parental involvement

Policy Name	Required By	Guidance for Charter Schools
	www.ed.gov/programs/titleiparta/parentinvguid.doc	plan. Such plan must be developed with, and agreed to, by parents of Title I students attending the school.
Internet Safety	47 USC §254; 20 USC §6801 http://www.fcc.gov/cgb/consumerfacts/cipa.html	The Children's Internet Protection Act imposes certain types of requirements on any charter school that receives funding support for Internet access from the "E-rate" program.
Wellness	Public Law 108-265 §204	Required for Charter schools participating in federal child nutrition programs must comply with "wellness" statutes.

Reporting Deadlines Calendar

For Schools Beginning their Second (or Later) Year of Operation

Yearly Reporting Summary

July	August	September
	1st Annual Report 1st Billing Report 1st Progress Report 30th Renewal Application	
October	**November**	**December**
1st Billing Report 1st Change in Program (Enrollment)	1st Audit Report - Fiscal 15th Quarterly Report - Fiscal	1st Billing Report 1st Material charter changes due 30th Application Form
January	**February**	**March**
	1st Billing Report 15th Quarterly Report - Fiscal	
April	**May**	**June**
1st Transportation Request (Parents) 1st Billing Report	1st Application and Admissions Summary 15th Quarterly Report - Fiscal 15th Facility Agreement 15th Budget	1st Billing Report 30th Budget

List of Resources:

- *Reference Guide for Audits of Charter Schools Authorized by the State University of New York:* http://www.newyorkcharters.org/schoolsFiscalOperation.htm

- *The Fiscal Guidelines for Federal and State Aided Grants* www.oms.nysed.gov/cafe and click on Fiscal Guidelines.

- USDA Eligibility Guidance for School Meals Manual: www.fns.usda.gov/cnd/Guidance/eligibility_guidance.pdf

- Office of Management and Budget Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments: http://www.whitehouse.gov/omb/circulars_a087_2004

- Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations: http://www.whitehouse.gov/omb/circulars/a133_compliance_supplement_2010

- *Compliance Supplement, Part 6*, issued by Office of Management and Budget (periodically revised and reissued): www.whitehouse.gov/omb/

- NYSED Forms; Includes Intercept forms, financial statements, forms and info for federal and state grants, budget forms http://www.p12.nysed.gov/psc/form.html

- Site Visit Protocols (Updated April 2011): Information about how the CSO will conduct and report on site visits during the 2010-2011 school year at charter schools directly authorized by the Board of Regents.
  http://www.p12.nysed.gov/psc/OversightPlan.html
  http://www.p12.nysed.gov/psc/documents/fullsitevisitprotocolmarch2011.pdf
  http://www.p12.nysed.gov/psc/documents/fullsitevisitreporttemplatemarch2011.pdf
  http://www.p12.nysed.gov/psc/documents/checkinvisitmarch2011.pdf

Summary Statement

As stated in the beginning of this Guidebook, this document was created to serve as a resource for charter school leaders, employees, and Trustees. While we trust that the Guidebook will be useful for charter schools, we urge you to also make use of the larger framework of documents and tools that are available to guide and assist you, many of which can be found by following the links we've included throughout this document. These resources are all intended to support the improved effectiveness of all Regents-authorized charter schools.