

## NEO Oversight Plan for Operating Schools

The NEO Oversight Plan serves as a template for all charter schools authorized by NEO. If necessary, this plan may be amended and adapted for specific charter schools. NEO's ongoing oversight of authorized schools will include the following activities:

### Student/School Academic Performance

- NEO will review the school academic performance with school leader(s) at a formal site visit at each NEO authorized school using the [Performance Framework Monitoring Report pages 2-4 of the NEO Oversight Plan](#) and NEO's Annual Report.
- NEO will review, summarize, and use the school academic performance data that MDE reports including LEA level data for Authorizers to monitor and evaluate progress.
- NEO will publish an Annual Report that includes academic performance data of NEO authorized schools, including areas of strength and improvement.
- NEO will facilitate sharing of effective practices by conducting at least one informal "learning walk" at each NEO authorized school focused on main strategies for improving student learning and indicators of successful implementation.

### Climate

- NEO will review the school climate performance with school leader(s) at a formal site visit at each NEO authorized school using the [Performance Framework Monitoring Report pages 2-4 of the NEO Oversight Plan](#) and NEO's Annual Report.
- NEO will publish an Annual Report that includes climate performance data of NEO authorized schools, including attendance and mobility.
- NEO will facilitate sharing of effective practices by conducting at least one informal "learning walk" at each NEO authorized school focused on main strategies for improving student learning and indicators of successful implementation.

### Compliance/Governance

- NEO will attend at least two charter school board meetings annually and provide feedback to the school on compliance as well as provide observations and questions for the board to consider in their process of continuous improvement using the [Governance Monitoring Report pages 5-6 of the NEO Oversight Plan](#) and the [Compliance Monitoring Report pages 8-26 of the NEO Oversight Plan](#).
- NEO will collect and review board meeting documents including minutes and policy revisions as well as all other required documents using the [Compliance Monitoring Report pages 8-26 of the NEO Oversight Plan](#) for the purpose of monitoring and evaluating compliance and to provide feedback for continuous improvement.
- NEO will review school compliance with required state reporting deadlines and identify any areas where NEO has concerns based on the provisions of the Contract Agreement.

### Financial

- NEO will collect and review school financials via Epicenter for the purpose of monitoring and evaluating compliance and providing feedback for continuous improvement.
- NEO will review the annual budget of the school and provide comment as necessary.
- NEO will review the school's Annual Financial Audit and identify any areas where NEO has concerns based on the provisions of the Contract Agreement and applicable law.
- NEO will use the [NEO Stewardship Award in Finance pages 26-28](#) to recognize and identify exemplary school performance to facilitate sharing of effective practices.

## **Performance Framework Monitoring Report**

Novation Education Opportunities (NEO), as the authorizing entity, will conduct at least two site visits to each NEO authorized school. One site visit will be an informal site visit, a "learning walk", for the purpose of identifying and facilitating sharing of effective practices. The other site visit will be a formal site visit, either for the purpose of reviewing and verifying school performance for contract renewal or of reviewing and verifying school performance for performance monitoring. NEO staff and/or NEO Advisors who are experts in overseeing, monitoring and evaluating academics, operations, governance, and finance will be conduct the site visits. The formal site visit will include review of previously requested documents that have not been uploaded to Epicenter to verify compliance. NEO will contact school administration at least one month in advance of the site visit to make arrangements for visiting the school with minimal disruption of its operations.

Two weeks prior to the formal site visit, NEO will provide the Performance Framework Monitoring Report to the school's administration to complete. School administration will then have two weeks to complete the Performance Framework Monitoring Report, with the opportunity to comment on each area. The Performance Framework Monitoring Report will give the school leadership and NEO feedback on school progress toward meeting the authorizer-school contract terms including the Performance Framework standards and targets.

### **Name of School:**

Primary contact at school:

Phone number and email address:

School address(es):

Dates of Current Authorizer Contract:

### **School Performance: Academic**

- a) On what standards has the school achieved satisfactory and/or exemplary ratings this past year as measured by the Academic Performance Measures in the Academic Performance section of the school's Performance Framework?
- b) What percent of points possible in the Finance Performance section of the school's Performance Framework has the school earned?

### **School Performance: Climate**

- c) On what standards has the school achieved satisfactory and/or exemplary ratings this past year as measured by the Climate Performance Measures in the Climate Performance section of the school's Performance Framework?
- d) What percent of points possible in the Climate Performance section of the school's Performance Framework has the school earned?

### **School Performance: Compliance**

- e) On what standards has the school achieved satisfactory and/or exemplary ratings this past year as measured by the Compliance Performance Measures in the Compliance Performance section of the school's Performance Framework?

f) What percent of points possible in the Compliance Performance section of the school's Performance Framework has the school earned?

Compliance Performance Indicators:

- a) The Charter School Board is organized consistent with state law and follows good governance practices including:
  - i) no conflicts of interest for any members;
  - ii) compliance with the Minnesota open meeting law;
  - iii) following own by-laws;
  - iv) adopting required policies; and
  - v) developing a World's Best Work Force plan and Annual Report
  - vi) completing background checks of board members before they are seated
- b) The Board meetings are conducted following parliamentary procedure including a published agenda, minutes of previous meetings, and a defined meeting process.
- c) The Board makes key school decisions including:
  - i) setting policies of the school;
  - ii) setting performance expectations consistent with the contract and authorizer
  - iii) adopting an annual budget and monitoring/reviewing the budget regularly;
  - iv) approving expenditures per the board's policy;
  - v) reviewing and accepting the annual audit;
  - vi) reviewing school academic performance regularly;
  - vii) reviewing the Annual Report;
  - viii) adopting an educational improvement plan (could be a School Improvement Plan)
  - ix) reviewing the performance of the school's lead administrator annually.
- d) The Board has a board development plan that meets the annual training requirement.
- e) Appropriate management by school leadership are reflected in a variety of summary data including:
  - i) Staff qualifications/licensure compliant with state requirements;
  - ii) Staff selection process complies with law;
  - iii) Staff assignments and turnover reasonable;
  - iv) Enrollment process complies with law and projections are reasonable;
  - v) Transportation system complies with the law;
  - vi) Established complaint and resolution procedures comply with the law;
  - vii) State and NEO reporting completed accurately and timely;
  - viii) Board policies implemented and monitored for compliance with law; and
  - ix) Appropriate insurance acquired and maintained.
- f) The school complies with state and federal standards for civil rights, health/safety/welfare, special education, English Language Learners, discipline, food/nutrition, student performance accountability, and audits including:
  - i) Non-discrimination laws followed;
  - ii) Health and safety laws adhered to;
  - iii) State testing and accountability requirements implemented with fidelity; and
  - iv) Special populations such as students with disabilities and English Learners, appropriately served.
- g) Teacher evaluation and leadership evaluation indicates strong focus on improving instruction and complies with state requirements.
- h) Facilities are appropriate and adequate including
  - i) The school has adequate space and complies with American Disabilities Act;
  - ii) The lease provisions are monitored and implemented.

## **5) School Performance: Finance**

- g) On what standards has the school achieved satisfactory and/or exemplary ratings this past year as measured by the Finance Performance Measures in the Finance Performance section of the school's Performance Framework?
- h) What percent of points possible in the Finance Performance section of the school's Performance Framework has the school earned?

### **Finance Performance Indicators**

- a) The school has a budget approved by its Board; the budget is being followed and/or amended when necessary based on student enrollment changes or other appropriate reasons.
- b) The board conducts regular financial oversight.
- c) State and NEO finance reports are filed appropriately and on time to state and through Epicenter.
- d) State/federal taxes, pensions, insurance, etc. are paid as required.
- e) The budget includes revenue for anticipated future needs, i.e. at least a 20% reserve fund.
- f) Funds two (2) unreserved balances are zero or positive.
- g) Fund four (4) unreserved balances are zero or positive.
- h) The audit is free from material and significant deficiencies.
- i) The school properly used public funds.

**What is the school's current renewal rating?**

**At this point in time, what contract term is the school eligible for based on the rating?**

**Name of School:****School: Meeting Type** (check one):

Regular

Special

Emergency

**Start Time:****End Time:****Date of Observation:****Observer:****Board members in attendance:****Attendance rate:****Staff/public in attendance** (include ex. officio members)**Codes:** Yes (Y) – There is clear evidence that the indicator exists. **Emerging (EM)** - There is some evidence of the indicator, but improvement is recommended.

No (N)–The indicator was not observed. N/A (NA) - The indicator was not observed at this meeting, but over the course of year it is expected to be.

Compliance Indicators		Evidence/Comments	
<i>Open Meeting Law (violations result in written infraction)</i>		Code	
Meeting is open to the public (board meeting time and location are published).			
One set of printed materials relating to the agenda is available for public inspection.			
Meeting is conducted only with a quorum present.			
Meeting is not conducted by phone or web unless it meets MN Stat 13D conditions.			
If a special or emergency meeting, meeting is conducted in accordance with MN Stat13D.			
If closed, meeting is closed in accordance with MN Stat 13D.			
Votes are recorded and made accessible in accordance with MN Stat 13D.			
Meeting is conducted in accordance with the board's bylaws.			
Continuous Improvement Indicators		Evidence/Comments	
<i>Board Meeting Organization</i>		Code	
Meeting is called to order on time.			
An adopted agenda is followed after board approval.			
Appropriate materials are available to accompany agenda items.			
An orderly methodology guides the running of the meeting (e.g. Roberts Rules).			
Continuous Improvement Indicators		Evidence/Comments	
<i>Board Meeting Atmosphere</i>		Code	
Board members are on time.			
Board member conduct and meeting minutes are professional.			
Board members receive materials 3-5 days in advance and appear prepared.			
Continuous Improvement Indicators		Evidence/Comments	
<i>Board Agenda</i>		Code	5
Agenda is posted ahead, for example on the web or wall.			
If used, a consent agenda is properly executed.			
The board adequately addresses conflict of interest.			
The agenda contains an item(s) on student performance (board reviews the school's academic performance).			

<b><i>Board Agenda Continued</i></b>	<b>Code</b>	
The agenda contains an item(s) on finance (board reviews the school's finances).		
Finance reports tie pupil units budgeted to actuals.		
Finance reports include register, balance sheet, rev/exp, and cash flow.		
The agenda addresses general operations concerns without micromanaging.		
The board provides an opportunity for public input.		
<b>Continuous Improvement Indicators</b>	<b>Evidence/Comments</b>	
<b><i>Board Capacity</i></b>	<b>Code</b>	
The mission and vision guide decision making.		
The board references its strategic planning process, continuous improvement plans, and goals to monitor and evaluate effectiveness (new schools- readiness to open checklist)		
Committee reports are thorough and understandable.		
The board develops and reviews use of policies.		
The agenda contains information to evaluate the building leadership.		
The board evidences continuous improvement (uses feedback to improve work) and monitors board development on an ongoing basis.		

***Narrative Section on Board Observation***

This board observation form is electronically delivered to the director and the chair within 2 days of the board meeting.

**Notes, Observations and Questions:**

**Novation Education Opportunities****3432 Denmark Avenue #130****612-889-2103****neoauthorizer.org****Compliance Monitoring Report**

Compliance Monitoring Report: This report is used to document if the school meets a satisfactory or exemplary level by meeting statutory, contractual and MDE compliance requirements. To reach the exemplary rating, a school must have no documented infractions during the fiscal year. Beyond that, to reach the exemplary rating, a school must also maintain a three-star rating in Epicenter.

The compliance requirements are documented on the back of this form.

School: \_\_\_\_\_

Reporting Period:

Date of Report:

School Compliance Performance Rating Status Update

**Infractions**

Compliance Item #	What will be submitted as evidence that the infraction is corrected?	Deadline for submission of evidence	Date that the evidence was submitted

	#	Requirement	Source	Verification Procedure
Annual Site Visit	1	Board Member Background Checks	MN Statute	NEO will verify at the annual site visit that the background checks are complete for all current board members.
	2	Board Training (new and ongoing)	MN Statute	NEO will verify at the annual site visit that all board members meet the training requirements by reviewing the board training certificates (employment, law, finance) and board ongoing training/development plan.
	3	Staff and Volunteer Background Check	MN Statute	NEO will verify at the annual site visit that the background checks are completed for all staff and volunteers.
	4	Teacher Licensure	MN Statute	NEO will verify at the annual site visit that teachers meet licensure requirements by reviewing the licensure folder for all current teachers that the school maintains on site.
	5	Teacher Evaluation and Peer Review Process	MN Statute	NEO will verify at the annual site visit that the school implements a teacher evaluation and peer review process.
	6	Civil Rights	MN Statute	NEO will verify that the nondiscrimination poster is posted and that the school has a plan in place to identify and serve English learners.
	7	Nonsectarian School Facilities and Program	MN Statute	NEO will verify at the annual site visit that there are no exclusive religious texts, symbols, quotations, or objects displayed, that the school does not promote religion, and that instructional time is not used for religious accommodations.
	8	Certificate of Occupancy	MN Statute	NEO will verify at the annual site visit that the Certificate of Occupancy is posted and current, and that Fire Marshal inspection is current.
	9	Safety and Security	Contract	NEO will verify at the annual site visit that there is an established protocol for intake and monitoring of visitors.
Board Ob.	10	Open Meeting Law	MN Statute	NEO will verify that the board follows MN Open Meeting Law by reviewing the board observation rubric section on compliance with Open Meeting Law.
	11	Bylaws	Contract	NEO will verify that the board governs according to the board's bylaws by reviewing the board observation rubric section on compliance with bylaws.
Website	12	Current Board Roster	Contract	NEO will verify that the board roster on file with NEO and at the website is current.
	13	Website Requirements	MN Statute	NEO will verify through website review that all requirements are met.
Epicenter Document Review	14	Required Policies	MN Statute	NEO will verify that the school has policies that are required by the <b>Annual Charter School Assurances</b> by collecting and reviewing the Assurances and policies via Epicenter document review.
	15	Updated Certificate of Insurance	MN Statute	NEO will verify that the school has a current insurance policy via Epicenter document review.
	16	School Calendar Required Instr Hours	MN Statute	NEO will verify that the school calendar has the at least the required number of instructional hours via Epicenter document review.
	17	Annual Budget	Contract	NEO will verify that the school submitted the board approved annual budget via Epicenter document review.
	18	Annual/WBWF Reports	MN Statute	NEO will verify that the Annual and WBWF reports meeting requirements via Epicenter document review.
	19	Board Meeting Packet	Contract	NEO will verify that the board meeting packet submissions meet contract requirements via Epicenter document review.
Atty Gen	20	Annual Registration with MN Attorney General	MN Statute	NEO will verify that the school is properly registered if soliciting contributions in MN by reviewing the MN Attorney General site information.



## **Required Epicenter Certifications and Submissions**

### **1. Board Approved Meeting Minutes**

Board

Posted by last day of the month on the website

Check the box to Certify

Necessary for NEO to be able to verify compliance with MN Statute 124E.07 Subd. 8(b): A charter school shall publish and maintain on the school's official Web site: (1) the minutes of meetings of the board of directors, and of members and committees having any board-delegated authority, for at least one calendar year from the date of publication.

Instructions: Please post board meeting minutes to your website after they are approved by the board by the end of the month of approval. Check the box after the minutes have been posted. MN Statute 124E.07 Subd. 8(b): A charter school shall publish and maintain on the school's official Web site: (1) the minutes of meetings of the board of directors, and of members and committees having any board-delegated authority, for at least one calendar year from the date of publication

### **2. Board Member Background Check Verification**

Board

8/31/15

Check the box to Certify

NEO Contract 6.1(a) The School will file changes in the membership of the Charter School Board in the form of an updated board roster with the Authorizer within one week of a change occurring. Prior to the time such persons are seated as members of the Charter School Board, the School will conduct a criminal background check, identical to those required by Minnesota Statutes 123B.03, subd. 1. The Charter School Board will certify to the Authorizer that background checks have been completed. Consistent with data practices law, the Charter School Board will provide to the Authorizer any adverse information that is revealed as part of the background checks and will evaluate, on a case-by-case basis, membership on the Charter School Board where the background check revealed adverse information.

Instructions: NEO Contract 6.1(a) The School will file changes in the membership of the Charter School Board in the form of an updated board roster with the Authorizer within one week of a change occurring. Prior to the time such persons are seated as members of the Charter School Board, the School will conduct a criminal background check, identical to those required by Minnesota Statutes 123B.03, subd. 1. The Charter School Board will certify to the Authorizer that background checks have been completed. Consistent with data practices law, the Charter School Board will provide to the Authorizer any adverse information that is revealed as part of the background checks and will evaluate, on a case-by-case basis, membership on the Charter School Board where the background check revealed adverse information.

### **3. Board Meeting Schedule**

Board

8/31/15

File Submission

Necessary for NEO to be able to schedule board observations.

Instructions: Submit a list of regularly scheduled board meeting dates for the fiscal year to Epicenter. In addition, post this schedule on your website to ensure that your board meetings are public in accordance with MN Open Meeting Law 13D. NEO needs this information in order to schedule Board Meeting Observations.

### **4. Board Roster**

Board

8/31/15

File Submission

Necessary for NEO to be able to verify compliance with Minn. Stat. 124E.07 Subd. 3(a):

The charter school board of directors shall be composed of at least five nonrelated members and include: (1) at least one licensed teacher employed as a teacher at the school or providing instruction under contract between the charter school and a cooperative; (2) at least one parent or legal guardian of a student enrolled in the charter school who is not an employee of the charter school; (3) at least one interested community member who resides in Minnesota and is not employed by the charter school and does not have a child enrolled in the school. The board may include a majority of teachers describe in this paragraph or parents or community members, or it may have no clear majority. The chief financial officer and the chief administrator may only serve as ex-officio nonvoting board members. No charter school employees shall serve on the board other than teachers under clause (1). Contractors providing facilities, goods, or services to a charter school shall not serve on the board of directors of the charter school.

Minn. Stat. 124E.07 Subd. 3(b): An individual is prohibited from serving as a member of the charter school board of directors if the individual, an immediate family member, or the individual's partner is a full or part owner or principal with a for-profit or nonprofit entity or independent contractor with whom the charter school contracts, directly or indirectly, for professional services, goods, or facilities. An individual is prohibited from serving as a board member if an immediate family member is an employee of the school. A violation of this prohibition renders a contract voidable at the option of the commissioner or the charter school board of directors. A member of a charter school board of directors who violates this prohibition is individually liable to the charter school for any damage caused by the violation.

The roster must be updated within one week of the meeting at which a new board member is seated and/or a board member resigns. In addition charters must comply with Minn. Stat. 124E.07 Subd. 3(b): An individual is prohibited from serving as a member of the charter school board of directors if the individual, an immediate family member, or the individual's partner is a full or part owner or principal with a for-profit or nonprofit entity or independent contractor with whom the charter school contracts, directly or indirectly, for professional services, goods,

or facilities. An individual is prohibited from serving as a board member if an immediate family member is an employee of the school.

Instructions: Include: 1. name, 2. seat (community member, teacher, parent), 3. role (Treasurer, Chair), 4. term (please note the specific day, month and year the term begins and ends.), and 5. contact info; Verify compliance with MN Statute: 1. at least five non-related members, 2. at least one licensed teacher employed as teacher at the school, 3. at least one parent/legal guardian of student enrolled in the school, 4. at least one interested community member who resides in MN, 5. no school employees serve on the board other than teachers, 6. no board member has an immediate family member who is an employee of the school, 7. owners/contractors providing facilities, goods, or services & their immediate family members are not elected to the board.

## **5. Board Meeting Agenda and Packet including Financials**

Board

Before board meeting

File Submission

Necessary for NEO to be able to prepare for board meeting observations in order to provide meaningful feedback.

NEO Contract 6.7(a) The School will file reports with the Authorizer regarding enrollment, the program and financial status of the school. The financial reports must contain budget and actual revenue and expenses (both by current month and year-to-date) and contain explanations for all items exceeding budget and the manner in which the excess items will be resolved, as well as cash-flow statements and fiscal year-end fund balance projections. The financial reports will also include the total dollar amount of unpaid accounts payable more than thirty days past due with an explanatory note for the total amount of any such past due amounts disputed by the School, if applicable; and the current average daily membership of the School. The school will file copies of inspections or findings with the Authorizer that can materially impact the operation of the School.

Instructions: Please submit to Epicenter/NEO when you send to your school board (in advance of the board meeting). If you did not have a board meeting in July, please notify NEO and we will update the requirement. Must include (i)meeting agenda, (ii)draft minutes for approval, (iii)monthly financial statements including current and budgeted ADM/Pupil Units, cash flow, budget to actual, and check register/reconciliation, (iv)all policies or reports under consideration by the board. If your meeting was cancelled, please upload a notification of cancellation and the dates will be adjusted.

## **6. Facility Lease-aid Application**

School

9/30/15 0:00

File Submission

MDE requires Authorizers to oversee compliance and sign Assurances relating to leases with sectarian organizations and other matters regarding the accommodation of religion in public

schools. NEO must review leases and policies in order to oversee compliance and sign the following Authorizer assurances:

1) I assure that Novation Education Opportunities (NEO) (authorizer) will oversee (charter school) compliance with Minn. Stat. §124E.06 Subd. 3(b) and Minn. Stat. §124E.13 Subd. 1 requiring that, if the school leases from a sectarian organization:

- The students will be screened from any religious activities occurring on the property.
- The school will fully disclose the involvement of any school directors, administrators, or teachers in the sectarian organization.
- The school will fully disclose any telephone or fax numbers, email addresses, employer identification numbers, and employees shared with the sectarian organization.
- The school will fully identify and describe any activities by the sectarian organization in support of the school, including but not limited to fundraising, student recruitment, promotion, any claimed affiliation with your school and sponsorship of school programs or events.

2) I assure that NEO (authorizer) will oversee (charter school) compliance with Minn. Stat. §124E.06 Subd. 3(b) and Minn. Stat. §124E.13:

- Requiring the maintenance of nonsectarian school facilities such that there are no religious texts, symbols, quotations, or objects displayed in school facilities on school days.
- Requiring equal treatment of and access to all religions.
- Requiring a policy allowing equal access to all groups for religious or other activities during non-instructional time and that such access otherwise complies with Minn. Stat. § 124E.13.
- Removing itself from religious activities including recruiting employees, parents, or other volunteers for such activities.

3) I assure that NEO (authorizer) will oversee (charter school) compliance with Minn. Stat. §124E.03 Subd. 2, Stat. §124E.06 Subd. 3(b), and Minn. Stat. §124E.13, requiring that the food served satisfies applicable health and safety requirements, provides equal accommodations to all religions, and otherwise complies with applicable law.

4) I assure that NEO (authorizer) will oversee (charter school) with compliance with Minn. Stat. §124E.03 Subd. 5 and the state data practices law, including allowance for staff members to report unethical or fraudulent actions in the workplace.

5) I assure that NEO (authorizer) will oversee (charter school) compliance with Minn. Stat. §124E.11(b) requiring that if oversubscribed, a lottery be conducted for admission to the school that does not select students based on religious preference, and that the lottery otherwise complies with applicable law.

6) I assure that NEO (authorizer) will oversee (charter school) compliance with Minn. Stat. §124E.06 Subd. 3(b) requiring that, if instituted, a school dress code does not promote religion or particular religious customs and does not restrict opportunity to participate in school activities.

Instructions: Upload the lease aid application, including the lease agreement. MDE requires Authorizers to oversee compliance and sign Assurances relating to leases with sectarian organizations and other matters regarding the accommodation of religion in public schools. NEO must review leases and policies in order to verify that it is overseeing compliance.

## **7. Register with FNS and Complete FNS Trainings**

School

9/30/15 0:00

Check the box to Certify

Provides advanced notification of upcoming MDE due date.

Necessary for NEO to be able to monitor on-time submissions (check box to certify).

If you do not participate in the School Nutrition Program, please check the box.

Instructions: Complete the application and submit to MDE. Check the certification box when completed or if you do not provide food service.

## **8. MARSS Submission**

School

9/30/15

Check the box to Certify

Provides advanced notification of upcoming MDE due date.

Necessary for NEO to be able to monitor on-time submissions (check box to certify).

MDE contacts NEO when submissions are late.

Instructions: Check box after completing submission to MDE to verify completion of the requirement. Used to verify charter schools' ADM projection for funding. Note that there is no need to wait for a deadline to submit files; they will be accepted any time prior to the final deadline. The data will automatically be used for the next submission cycle's turnaround edits and reports. One submission completely replaces the prior submission. Records containing errors will not generate a student count, or revenue, for the district.

## **9. Authorizer Fee First Installment**

School

9/30/15

Check the box to Certify

Necessary for NEO record keeping for invoicing.

Instructions: You will be receiving an invoice from NEO the first week of September. Send the Authorizer Fee to Novation Education Opportunities 3432 Denmark Avenue Suite #130 Eagan, MN 55123. If you believe that the enrollment projections used to calculate your fees are inaccurate, please contact us as soon as possible. You will need to contact MDE to update your projections as well. NEO reviews MDE's Funding Reports periodically to have accurate and up to date information in its files. We requested a payment of no less than 80% of the total invoice by

September. Any remaining balance will be owed by March 1 and adjustments to the initial invoice, including under or over charges, will be made in February and will be based upon updated January MDE reports.

## **10. School Website Requirements and Documents**

School

9/30/15

Check the box to Certify

Necessary for NEO to be able to verify compliance with MN Statute 124E.07 Subd. 8(b): A charter school shall publish and maintain on the school's official Web site:

(1) the minutes of meetings of the board of directors, and of members and committees having any board-delegated authority, for at least one calendar year from the date of publication

(2) directory information for members of the board of directors and committees having board-delegated authority; and

(3) identifying and contact information for the school's authorizer. Identifying and contact information for the school's authorizer must be included in other school materials made available to the public.

MN Statute 124E.07 Subd. 8(h): Districts, authorizers, or charter schools entering into a collaborative agreement are equally and collectively subject to the same state and federal accountability measures for student achievement, school performance outcomes, and school improvement strategies. The collaborative agreement and all accountability measures must be posted on the district, charter school, and authorizer websites.

124E.11(b): A charter school shall enroll an eligible pupil who submits a timely application, unless the number of applications exceeds the capacity of the program, class, grade level, or building. In this case, pupils must be accepted by lot. The charter school must develop and publish, including on its website, a lottery policy and process that it must use when accepting pupils by lot. A charter school must post the annual report on the school's official website.

124E.11(d): A person shall not be admitted to a charter school (1) as a kindergarten pupil, unless the pupil is at least five years of age on September 1 of the calendar year in which the school year for which the pupil seeks admission commences; or (2) as a first grade student, unless the pupil is at least six years of age on September 1 of the calendar year in which the school year for which the pupil seeks admission commences or has completed kindergarten; except that a charter school may establish and publish on its website a policy for admission of selected pupils at an earlier age, consistent with the enrollment process in paragraphs (b) and (c).

124E.12 Subd. 5(2): A charter school board or cooperative of teachers that provides group health insurance coverage must establish and publish on its website the policy for the purchase of group health insurance coverage. A charter school board policy must include a sealed proposal process, which requires all proposals to be opened at the same time. Upon the openings of the proposals in accordance with the school or cooperative policy, the proposals become public data under chapter 13.

124E.14 Subd. 3(b): An affiliated nonprofit building corporation must post on the school website the name, mailing address, bylaws, minutes of board meetings, and the names of current board of directors of the affiliated nonprofit building corporation.

124E.16 Subd. 2(a): A charter school must publish an annual report approved by the board of directors. The annual report must at least include information on school enrollment, student attrition, governance and management, staffing, finances, academic performance, innovative practices and implementation, and future plans. A charter school may combine this report with the reporting required under section 120B.11 (WBWF). A charter school must post the annual report on the school's official website. A charter school must also distribute the annual report by publication, mail, or electronic means to its authorizer, school employees, and parents and legal guardians of students enrolled in the charter school.

Instructions: Ensure the following information and documents are uploaded and updated on School website: Authorizer Name and Contact Information, Board Member Directory Information, Board Meeting Minutes and Posting of Upcoming Meetings, WBWF Plan and WBWF Summary/Annual Report, Admission and Lottery Policies; Recommended: Updated By Laws, Student Handbook, Employee Handbook, Plan for Identifying and Serving English Learners, Conflict of Interest Policy, Nepotism Policy, Bullying Policy, Fund Balance Policy, Complaint Policy/Procedure.

## **11. Licensure Verification**

School

9/30/15

Check the box to Certify

Necessary for NEO to be able to verify compliance with MN Statute 124E.12 Subd. 1:

A charter school must employ or contract with necessary teachers, as defined by section 122A.15, subdivision 1, who hold valid licenses to perform the particular service for which they are employed in the school. The charter school's state aid may be reduced under section 127A.43 if the school employs a teacher who is not appropriately licensed or approved by the board of teaching (check box to certify).

Instructions: Please check the box to verify that you maintain an up-to-date folder including the appropriate license, community expert permission, or variance (printed from the MDE website) for the work that each teacher performs. MDE monitors licensure as well and it is critical to keep the folder updated to verify that all teachers are appropriately licensed for their work at your school. As you know, licensure violations are a very serious issue. Licensure violations can result in loss of funds for your school. Also by checking the box you are verifying that your teacher information and assignments are up-to-date on your website, as this can often be a source of confusion with MDE. Please remember that a paraprofessional or a teacher finalizing licensure or a permission must be supervised by a licensed teacher at all times (100% of the time) if assisting with instruction of students.

## **12. Updated Certificate of Insurance**

School

9/30/15

File Submission

Necessary for NEO to be able to verify compliance with MN Statute 124E.09(c):

The commissioner, an authorizer, members of the board of an authorizer in their official capacity, and employees of an authorizer are immune from civil or criminal liability with respect to all activities related to a charter school they approve or authorize. The board of directors shall obtain at least the amount of and types of insurance up to the applicable tort liability limits under chapter 466. The charter school board must submit a copy of the insurance policy to its authorizer before starting operations. The charter school board must submit changes in its insurance carrier or policy to its authorizer within 20 business days of the change.

Instructions: Provide Certificate of Insurance. The Acord form is sufficient. The actual policy does not need to be submitted. The certificate should clearly show coverages to meet current statutory requirements.

## **13. Board Development/Ongoing Annual Training**

School

9/30/15

File Submission

Necessary for NEO to be able to verify compliance with Minn. Stat. 124E.09:

Every charter school board member shall attend annual training throughout the member's term on the board. In addition, the school's contract with NEO section 6.1 states that charter school board members must complete required training and board development required by charter law. An operational and governance performance indicator used in contract renewal evaluation is that "the Board has a board development plan including annual training".

## **14. Board Training Certification**

School

9/30/15

Check the box to Certify

Instructions: Check the box to certify that the board maintains the training certification (evidence) for ALL board members including the certificates of those already submitted in the past. Verify compliance with MN Statute: All new board members must attend initial training on the board's role and responsibilities, employment policies and practices, and financial management. A new board member who does not begin the required initial training within 6 months after being seated and complete that training within 12 months of being seated on the board is automatically ineligible to continue to serve as a board member. The school shall include in its annual report the training attended by each board member during the previous year.



## **15. Assurances for Charter Schools and Authorizers Relating to Leases with Sectarian Organizations and Other Matters Regarding the Accommodation of Religion in Public Schools**

School

10/15/15

File Submission

MDE requires Authorizers to oversee compliance and sign Assurances relating to leases with sectarian organizations and other matters regarding the accommodation of religion in public schools. In addition MDE requires Authorizers to collect and maintain these signed Assurances and related policies from authorized schools. Charter schools must fill out the assurances form, sign it, return it to their authorizer and copy the Minnesota Department of Education (MDE) at [mde.charterschools@state.mn.us](mailto:mde.charterschools@state.mn.us) by **October 30, 2015**.

Instructions: Each charter school operating must sign and submit the assurances form and requested policies. Complete and sign the Charter School Assurances document and upload to Epicenter along with the 5 required policies (religious accommodation policy, equal access, data practices, lottery, dress code/uniform) and provide a copy of all documents to MDE at [mde.charterschools@state.mn.us](mailto:mde.charterschools@state.mn.us) no later than October 15. If you submitted policies to MDE with your previous assurances and those policies have not changed, you do not need to resubmit them to MDE, but you still must upload all five required policies to Epicenter because MDE requires all authorizers to collect and maintain these policies from each authorized school.

## **16. Assurance of Compliance w/ State & Federal Laws Prohibiting Discrimination**

School

11/15/15

Check the box to Certify

All public school districts/charter schools must submit to MDE their assurance of compliance with state and federal law prohibiting discrimination based on age, race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, or disability. This is a two-part process. Districts must complete both the documentation required on the [Assurance of Compliance web page](#) and mail or fax a completed Assurance of Compliance Certificate to MDE. The assurance of compliance is due annually by **November 15** (Minnesota Rules 3535.2500). NEO also requires submission to the authorizer because this assurance is one way that NEO meets requirements to oversee the charter school compliance with the following:

- I assure that NEO (authorizer) will oversee (charter school) with compliance with Minn. Stat. §124E.03 Subd. 5 and the state data practices law, including allowance for staff members to report unethical or fraudulent actions in the workplace.
- I assure that NEO (authorizer) will oversee (charter school) compliance with Minn. Stat. §124E.11(b) requiring that if oversubscribed, a lottery be conducted for admission to the school that does not select students based on religious preference, and that the lottery otherwise complies with applicable law.

Instructions: Please complete both the documentation required on the assurance of compliance page at the MDE website AND submit to MDE per instructions at MDE website. As part of the Assurance of Compliance, each district must verify that there is a copy of required laws related

to prohibiting discrimination in all buildings in the district. Check box to certify the above was submitted accurately and on time.

#### **17. Annual Report and WBWF Summary (of prior year's results) and WBWF Plan**

School

11/27/15

File Submission

Necessary for NEO to be able to verify compliance with Minn. Stat. 124E.16 Subd. 2(a): A charter school must publish an annual report approved by the board of directors. The annual report must at least include information on school enrollment, student attrition, governance and management, staffing, finances, academic performance, innovative practices and implementation, and future plans. A charter school may combine this report with the reporting required under section 120B.11 (WBWF Summary Report). A charter school must post the annual report on the school's official website. A charter school must also distribute the annual report by publication, mail, or electronic means to its authorizer, school employees, and parents and legal guardians of students enrolled in the charter school.

Necessary for NEO to be able to verify compliance with Minn. Stat. 124E.03 Subd. 2(i):

A charter school must adopt a policy, plan, budget and process, consistent with 120B.11, to review curriculum, instruction, and student achievement and strive for the world's best workforce.

Instructions: As a result of reviewing student achievement data from the prior year (if it is available), school boards are to complete a WBWF Summary in the fall. Reviewing student data, determining best practices to meet the goals, setting dates for the Parent Advisory Committees to meet, planning public meetings and setting school board meeting dates to approve the final plan for the next year are all activities that district leadership should be involved in at this time. You can embed the WBWF Summary and Report in the school's Annual Report. A template is available on the MDE website. This summary should document the WBWF student achievement goals that were established last year, the strategies and initiatives that the district engaged in to meet the goals, and the subsequent progress made on those goals by the end of the school year. As outlined in the WBWF statute, after three years of districts submitting summaries, the commissioner of education will determine if a district is making appropriate progress towards improving teaching and learning in the district.

*Directions: Meet all statutory requirements listed in the outline below (you do not have to organize them this way).*

*Suggestion: Cut and paste information from the WBWF Summary into the template to be submitted to MDE. MDE provides a WBWF Summary template and scoring rubric that MDE will use to analyze the WBWF Summary so please use this information in finalizing the WBWF Summary section.*

*Annual Report requirements in statute- A-H*

- A. School Enrollment*
- B. Student Attrition*
- C. Governance and Management*
- D. Staffing*
- E. Finances*
- F. Academic Performance*

*1. Requirements for WBWF Summary for FY15 (taken from the MDE Summary Report requirements for FY15- MDE is in process of updating the template for this section so look for the updates and a rubric from MDE before finalizing this section)*

- What data points were used to establish the goals for FY15?*
- What were the student achievement goals established within the five goals areas of the WBWF legislation, and what did your end of year results show?*
- What district or building best practices and initiatives were implemented during the 2014-15 school year to address the goal areas?*
- What current plans are in place to address student achievement (Q Comp, ADSIS, integration, etc.)?*
- What implementation data was used to monitor the success of the strategies or initiatives?*

*2. Requirements in statute for WBWF Plan for FY16*

- student achievement goals*
- local assessment outcomes*
- plans*
- strategies*
- practices for improving curriculum and instruction and cultural competency*
- review of district success in realizing the previously adopted student achievement goals and benchmarks and the improvement plans*

- G. innovative practices and implementation*
- H. future plans*

## **18. Audited Final UFARS Data Submission and Fiscal Compliance Table**

School

11/30/15

Check the box to Certify

Provides advanced notification of upcoming MDE due date.

Necessary for NEO to be able to monitor on-time submissions (check box to certify).

MDE contacts NEO when submissions are late.

This UFARS data submission is required for both the MN and NEO Finance Awards.

Instructions: Please check the box to certify completion. The Fiscal Compliance Table is completed annually, on behalf of each school district or charter school, by the organization's independent auditor. The report is used by districts, schools, auditors, bond rating agencies, financial advisors, and units within the Minnesota Department of Education. The data must be submitted, error free, no later than November 30 of each reporting year. The purpose of the report is to validate and confirm that UFARS balance sheet data, submitted electronically by the district or school, matches exactly to the balance sheet results of the independent audit. On-time submission is required for the MN Finance Award.

## **19. Immunization Status Report**

School

12/1/15

Check the box to Certify

Provides advanced notification of upcoming MDE due date.

Every year the school is required by the state of Minnesota to complete a report summarizing the immunization status of all students K-12 enrolled. It is the responsibility of the school administrator (or designee) to complete and submit the AISR by December 1 of each year.

Necessary for NEO to be able to monitor on-time submissions (check box to certify).

MDE contacts NEO when submissions are late.

Instructions: The AISR is to be submitted to the MN Department of Health by December 1. After completion please certify that the upload of Immunization records to MN Dept of Health website as required by MN Statute 121A.15 was completed by checking the certification box.

## **21. Contract Renewal Application (not currently collected through Epicenter)**

Board

12/4/15

File Submission

Necessary only for schools in contract renewal so NEO can complete the formal written performance evaluation of the school that is a prerequisite for reviewing a charter contract under subdivision 3; required by Minn. Stat. 124E.10 Subd. 1(8).

## **22. Teacher Evaluation and Peer Review**

School

12/1/15

Check the box to Certify

Necessary for NEO to be able to verify compliance with Minn. Stat. 124E.03 Subd. 2(h): A charter school must develop and implement a teacher evaluation and peer review process under section 122A.40, subdivision 8, paragraph (b), clauses (2) to (13).

Instructions: Check box to certify that the school has the required teacher evaluation and peer review process.

## **23. Financial Audit**

School

12/31/15

File Submission

Necessary for NEO to be able to verify compliance with Minn. Stat. 124E.16 Subd. 1(a):

A charter school is subject to the same financial audits, audit procedures, and audit requirements as a district, except as required under this subdivision. Audits must be conducted in compliance with generally accepted governmental auditing standards, the federal Single Audit Act, if applicable, and section 6.65. A charter school is subject to and must comply with sections 15.054; 118A.01; 118A.02; 118A.03; 118A.04; 118A.05; 118A.06; 471.38; 471.391; 471.425. The audit must comply with the requirements of sections 123B.75 to 123B.83, except to the extent deviations are necessary because of the program at the school. Deviations must be approved by the commissioner and authorizer. The Department of Education, state auditor, legislative auditor, or authorizer may conduct financial, program, or compliance audits. A charter school determined to be in statutory operating debt under sections 123B.81 to 123B.83 must submit a plan under section 123B.81, subdivision 4.

Minn. Stat. 124E.16 Subd. 1(b): The charter school must submit an audit report to the commissioner and its authorizer by December 31 each year.

Minn. Stat. 124E.16 Subd. 1(c): The charter school, with the assistance of the auditor conducting the audit, must include with the report, as supplemental information, a copy of management agreements with a charter management organization or an educational management organization and service agreements or contracts over the lesser of \$100,000 or ten percent of the school's most recent annual audited expenditures. The agreements must detail the terms of the agreement, including the services provided and the annual costs for those services.

Minn. Stat. 124E.16 Subd. 1(d): A charter school independent audit report shall include audited financial data of an affiliated building corporation or other component unit.

Minn. Stat. 124E.16 Subd. 1(e): If the audit report finds that a material weakness exists in the financial reporting systems of a charter school, the charter school must submit a written report to the commissioner explaining how the material weakness will be resolved. An auditor, as a condition of providing financial services to a charter school, must agree to make available information about a charter school's financial audit to the commissioner and authorizer upon request.

Instructions: Provide the Financial Audit report and all Required Supplemental Information and letters from the auditor to the Board. For example, these items may be referred to as the 1) Management Report, 2) the Financial Statements and Supplemental Information and 3) letter from the auditor to the board.

#### **24. Charter School Transportation Survey**

School

3/1/16

Check the box to Certify

Provides advanced notification of upcoming MDE due date.

Necessary for NEO to be able to monitor on-time submissions (check box to certify).

A charter school has the option of providing its own transportation or using district-provided transportation. A charter school must notify the district in which it is located and the Minnesota Department of Education (MDE) of its decision on transportation services by July 1.

MDE contacts NEO when submissions are late.

Instructions: Please submit the MARSS 62 Charter Transportation report and the Charter School Grade Level Verification Report to MDE by July 1 and check the box to certify that the submission is completed.

#### **25. Authorizer Fee Second Installment**

School

4/29/16

Check the box to Certify

Necessary for NEO record keeping for invoicing.

Instructions: You will be receiving an invoice from NEO the first week of March. Send the balance of the Authorizer Fee to Novation Education Opportunities 3432 Denmark Avenue Suite #130 Eagan, MN 55123. If you believe that the enrollment projections used to calculate your fees are inaccurate, please contact us as soon as possible. You will need to contact MDE to update your projections as well. NEO reviews MDE's Funding Reports periodically to have accurate and up to date information in its files. We requested a payment of no less than 80% of the total invoice by September. Any remaining balance will be owed by April 29 and adjustments to the initial invoice, including under or over charges, will be made in March and will be based upon updated January MDE reports.

#### **26. School Survey Evaluating Parent Satisfaction**

School

5/1/16

File Submission

Necessary for NEO to complete school evaluation using the climate and satisfaction performance indicator from the school's contract with NEO: Perception measures of satisfaction indicate a positive learning environment for all students.

Instructions: Please upload School Survey Evaluating Parent Satisfaction and the results. The school must annually provide students' families with a parent satisfaction survey that includes an item regarding the family's overall satisfaction with the school. Ideally, the survey item is on a five point (Likert) scale, ranging from 5=strongly agree (or very satisfied) to 1=strongly disagree (or not at all satisfied).

## **27. Annual registration with MN Attorney General**

School

1/15/16

Check the box to Certify

Reminder notification to register annually.

A charitable organization registered to solicit contributions in Minnesota must file an annual report with the Attorney General's Office.

When to File: An organization's annual report must be postmarked by the 15th day of the seventh month after its fiscal year-end. A four-month extension may be requested at [Charity Extension Request.aspx](#). Extension requests must be submitted before the due date. If the due date falls on a Saturday, Sunday, or federal holiday, the report must be postmarked by the next business day. If an organization fails to file a report or request an extension by the due date, a \$50 late fee is assessed.

Instructions: A charitable organization registered to solicit contributions in Minnesota must file an annual report with the Attorney General's Office.

Check the box to certify that the school's annual registration with MN Attorney General is completed.

When to File: An organization's annual report must be postmarked by the 15th day of the seventh month after its fiscal year-end. A four-month extension may be requested at [Charity Extension Request.aspx](#). Extension requests must be submitted before the due date. If the due date falls on a Saturday, Sunday, or federal holiday, the report must be postmarked by the next business day. If an organization fails to file a report or request an extension by the due date, a \$50 late fee is assessed.

## **28. Statement of Assurances- Application for Special Education Funds**

School

6/1/16

Check the box to Certify

Provides advanced notification of upcoming MDE due date.

Necessary for NEO to be able to monitor on-time submissions (check box to certify).

MDE contacts NEO when submissions are late.

Instructions: Check box to certify the Application for Special Education Funds was submitted to MDE accurately and on-time.

## **29. Board Approved Budget**

School

6/30/16

File Submission

Contract section 6.8(a): The School will provide the Authorizer a copy of the annual budget for review and comment prior to its approval by the Charter School Board.

Instructions: Contract section 6.8(a): The School will provide the Authorizer a copy of the annual budget for review and comment prior to its approval by the Charter School Board. Please adopt and upload the initial budget before June 30th.

## **30. School Calendar**

School

6/30/16

File Submission

Necessary for NEO to schedule site visits.

Necessary for NEO to verify compliance with Minn. Stat. 124E.25 Subd. 2(a):

In order to receive state aid payments under this section, a charter school in its first three years of operation must submit a school calendar in the form and manner requested by the department and a quarterly report to the Department of Education. The report must list each student by grade, show the student's start and end dates, if any, with the charter school, and for any student participating in a learning year program, the report must list the hours and times of learning year activities. The report must be submitted not more than two weeks after the end of the calendar quarter to the department. A charter school in its fourth and subsequent year of operation must submit a school calendar and enrollment information to the department in the form and manner requested by the department.

Contract section 6.2: School calendar is established by April 30th each year and shows an adequate number of instructional hours.

Instructions: Submit the board approved school calendar that includes a list of all assessments given throughout the school year. School Calendar must be established by April 1 each year and show an adequate number of instructional hours (include the number of instructional hours, excluding recess, lunch, and passing times, in the calendar). Elementary schools must provide 935 and 1020 instructional hours for middle and high schools.

The calendar should include the date of the WBWF meeting.

## **31. Results of National Normed Assessment**

School

6/30/16

File Submission

Necessary for NEO evaluation of the school and for NEO annual reporting.

In addition, the school's contract section 3.2(d) requires national normed assessment:



The School and the Authorizer agree that the School's operation under the Agreement shall be measured by the school performance indicators set forth in this Agreement including academic outcomes for individual students and for the School as a whole, and standards for governance, financial management, and school operation. Academic outcomes will be assessed using multiple indicators that will include a nationally norm-referenced test and the state assessment system. The School will measure the students' academic levels of performance when they enter the School and the School will provide the Authorizer this information as baseline data.

Instructions: Provide the most recent result report generated by the test vendor. For example, the NWEA MAP Student Growth Summary Report and the NWEA School Overview Report. No information that can be used to identify a student should be included. Include grade level and school summary reports only. Necessary for NEO to be able to complete FY16 reporting for each school. Also required by contractual agreement.

The school's contract section 3.2(d) requires national normed assessment: The School and the Authorizer agree that the School's operation under the Agreement shall be measured by the school performance indicators set forth in this Agreement including academic outcomes for individual students and for the School as a whole, and standards for governance, financial management, and school operation. Academic outcomes will be assessed using multiple indicators that will include a nationally norm-referenced test and the state assessment system. The School will measure the students' academic levels of performance when they enter the School and the School will provide the Authorizer this information as baseline data.

### **32. DIRS Report**

School

7/31/16

Check the box to Certify

Provides advanced notification of upcoming MDE due date.

Necessary for NEO to be able to monitor on-time submissions (check box to certify).

MDE contacts NEO when submissions are late.

Instructions: Please check the box to certify that the required DIRS incident reporting is completed. Ensure that all DIRS incidents are entered and the school information is complete. Ensure that the school site's incident submissions are all marked as "incident complete".

## **NOVATION EDUCATION OPPORTUNITIES (NEO) STEWARDSHIP AWARD IN FINANCE-FY2015**

### **Explanation of Criteria**

NEO leadership continues to provide for robust and meaningful responses to its authorized schools. During a recent “feedback” session, schools wished to receive quality exemplars (tools or procedures) in a number of areas. Some of those exemplars relate to finance and financial oversight. The NEO Stewardship Award in Finance will be a precursor to some of those exemplars.

NEO launched the Stewardship Award in FY2014 in response to those needs as well as its desire to bring attention to school leaders and boards who take their financial management and oversight to another level. The criteria are based on good practice, statute and contract, fiscal responsibility and a desire for higher achievement in financial sustainability. NEO will annually review the criteria and add, change or drop items to improve recognition of schools and the integrity of the award.

**Each school is invited to earn this award by completing the FINANCE SELF-ASSESSMENT AND APPLICATION FORM and attaching its fund balance policy. Other criteria will be applied by NEO to determine award winners. The complete set of criteria is listed below with a brief explanation.**

**Award winners will be announced by May 15. Awards and summary data sheets will be mailed to schools in the same timeframe.**

### **Statutory Reporting Deadlines**

1. Preliminary UFARS data was submitted to MDE by September 15.
2. Final UFARS data was submitted to MDE by November 30.
3. The current year audit was submitted to MDE and the authorizer by December 31.
4. Preliminary budgets are approved prior to July 1 of a new fiscal year.

These reporting deadlines are referenced in Minnesota Statutes, section 124D.10, Subds. 6(a) and 8(j) as well as contained in Minnesota Statutes, section 123B.77 Accounting, Budgeting and Reporting Requirements. These criteria (CR 1-4) are compliance issues. Charter school personnel must also follow the coding as prescribed in the manual on Uniform Financial Accounting and Reporting Standards (UFARS). Earning the MDE Finance award will qualify a school for 1, 2 and part of 3. An EpiCenter review will be used to verify timely audit reporting to NEO.

## Reporting and Oversight Quality

5. UFARS and Audit data agree (compliance table from MDE).
6. The final UFARS Turnaround Edit Report contains no errors.
7. The audit is free from material and significant deficiencies—no findings in audit.
8. Financial Reports are submitted to the NEO EpiCenter in a timely manner.
9. The board conducts financial oversight at each regular meeting.

The accuracy of reporting is determined with the compliance table at the end of the current year audit or from MDE. (CR 5) Error-free reporting is determined by reviewing the UFARS Edit Report on the MDE website. (CR6).

The freedom from findings is more rigorous than the Charter School Law in that this criterion includes the absence of material AND SIGNIFICANT weaknesses in the audit to earn the award, not only material findings. (CR 7)

A review of meeting minutes and EpiCenter documents affirm the meeting of criteria 8 and 9. The extensiveness and thoroughness of reports and oversight is a matter for future improvements.

## Financial Sustainability

10. The fund balance policy is submitted with the application form.
11. The general fund unreserved balance is at least 20%, unless SPED population is 75% or greater
12. Fund Two (2) unreserved balance is zero or positive.
13. Fund Four (4) unreserved balance is zero or positive.
14. The organization has a positive current ratio (assets to liabilities).

Some auditors suggest that the unreserved, unassigned or committed fund balance total should be at least 3 months, sometimes referred to as an aggregate balance. Placing the initial target balance at 20% and suggesting other qualities for a solid fund balance policy is a demonstration of fiscal health and sustainability. A wide range target such as a 5% to 20% target for a fund balance does not have the precision needed to assure sustainability or accountability. Boards need to build a fund balance to reduce the need for borrowing.

A fund balance should be used to build reserves for special projects including program or technology improvements. A fund balance policy should also have a policy set aside resolution. The board must take steps to correct any action if the fund balance drops below 20%. A recovery plan should be designed if a fund balance goes negative or stays below 20% for several years.

Fund One must be positive with a target of at least 20%. Fluctuation in a policy may occur in relation to the holdback, state support of schools and newness of the school. Fund Two, the food service fund, must have a zero or positive balance at the end of the year. This is easily accomplished with a transfer from the general fund prior to the close of the books for the year. Similarly, Fund Four, the community service fund, must have a zero or positive balance at year end. Boards should be addressing these transfer issues as budgets are formed, not only at the end of the year.

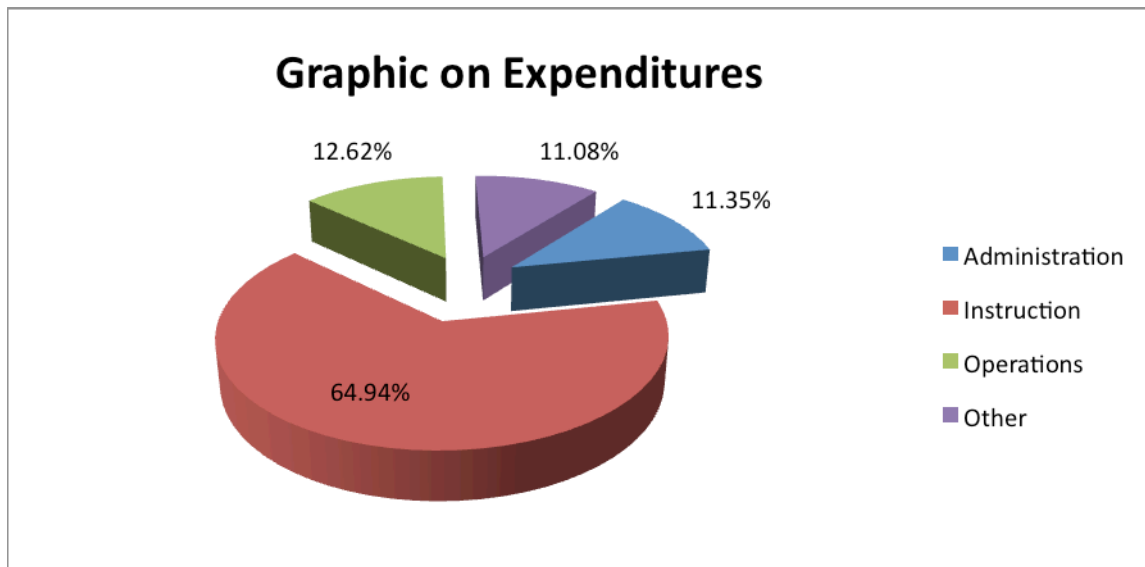
If a school has a strong fund balance, it is likely that the school has a positive asset to liability ratio. That ratio will be calculated with the aid of the school audit for each school.

## Use of Public Funds

15. The school directed at least 51% (majority) of its resources to instruction.

16. The school properly used public funds.

The primary purpose of a school is to advance the performance and well-being of students. That activity is directly affected by regular instruction, special education, pupil support and instructional support. A chart (below) is built for each school to affirm the existence of the 51% expenditure level.



*Sample on Instructional Expenditures for FY2014*

Public funds are used with statutory authority and for a public purpose.  
Public funds are not used for personal gain (salaries and wages excluded).  
Public funds cannot be gifted.

This criterion is verified with the self-assessment form and reviews of financial reports.

**NOTE:** Some schools have administrators who are also licensed teachers that provide instruction part-time and/or serve as instructional leaders and may code instructional time to administration. Therefore it may appear that the school directs more expenditures are to administration than instruction.