



# PALISADES CHARTER HIGH SCHOOL

*Empowering Educational Excellence.*

## **Board of Trustees Training**

**July 15, 2023**



# PALISADES CHARTER HIGH SCHOOL

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## Board of Trustees Training

### Board Members

Dr. Pamela Magee – Ex-Officio  
Juan Pablo Herrera – Ex-Officio  
Andy Paris  
David Pickard  
Karen Ellis  
Kiumars Arzani  
Kristina Irwin  
Maggie Nance  
Melissa Schilling  
Robert Rene  
Saken Sherkanov  
Sara Margiotta  
Tyler Farrell

### Student Representative

Rustin Kharrazi



# PALISADES CHARTER HIGH SCHOOL

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# PALISADES CHARTER HIGH SCHOOL

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## Section 1

- Board Meeting Dates
- Contact Information
- Organizational Chart

# Board of Trustees

## Meeting Dates – 2023/2024

Saturday, July 15, 2023 – **Governance Training**

No July Regular Meeting

August 22, 2023

September 9, 2023 – **Board Retreat**

September 19, 2023

October 17, 2023

November 14, 2023

December 12, 2023

January 23, 2024

February 27, 2024

March 19, 2024

April 16, 2024

May 14, 2024

June 11, 2024 (Budget)

June 18, 2024



# PALISADES

## CHARTER HIGH SCHOOL

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### Board of Trustees Contact Information

2023 -2024 Reelected and **Newly Elected** Members

Member	Representative	Email	Cell Number
Andy Paris	Classified – 2 yrs.	<a href="mailto:aparis@palihigh.org">aparis@palihigh.org</a>	(310) 455-4254
David Pickard	Teacher – 2 yrs.	<a href="mailto:dpickard@palihigh.org">dpickard@palihigh.org</a>	(562) 201-1584
Karen Ellis	Management – 2 yrs.	<a href="mailto:kellis@palihigh.org">kellis@palihigh.org</a>	(310) 984-4551
<b>Kiumars Arzani</b>	Community – 2 yrs.	<a href="mailto:karzani@palihigh.org">karzani@palihigh.org</a>	(818) 625-0319
<b>Kristina Irwin</b>	Parent – 2 yrs.	<a href="mailto:kirwin@palihigh.org">kirwin@palihigh.org</a>	(310) 592-2403
Maggie Nance	Faculty – 1 yr.	<a href="mailto:mnance@palihigh.org">mnance@palihigh.org</a>	(310) 266-0774
Melissa Schilling	Parent – 2 yrs.	<a href="mailto:mschilling@palihigh.org">mschilling@palihigh.org</a>	(212) 365-0118
Robert Rene	Community – 2yrs.	<a href="mailto:rrene@palihigh.org">rrene@palihigh.org</a>	(310) 975-4776
<b>Rustin Kharrazi</b>	Student – 1 yr.	<a href="mailto:2024kharrazi.ru@pchs.org">2024kharrazi.ru@pchs.org</a> <a href="mailto:leadership@palihigh.org">leadership@palihigh.org</a>	
Saken Sherkhanov	Parent – 2 yrs.	<a href="mailto:ssherkhanov@palihigh.org">ssherkhanov@palihigh.org</a>	(626) 318-4463
Sara Margiotta	Community Chair – 2 yrs.	<a href="mailto:smargiotta@palihigh.org">smargiotta@palihigh.org</a>	(310) 721-6978 or (310) 459-1252
<b>Tyler Farrell</b>	Faculty – 2 yrs.	<a href="mailto:tfarrell@palihigh.org">tfarrell@palihigh.org</a>	(919)418-4584
Dr. Pamela Magee	Executive Director/Principal	<a href="mailto:pmagee@palihigh.org">pmagee@palihigh.org</a>	(310) 990-1423
Juan Pablo Herrera	Chief Business Officer	<a href="mailto:jherrera@palihigh.org">jherrera@palihigh.org</a>	(805) 794-7406



# 2023-2024 PCHS Administration Organizational Chart

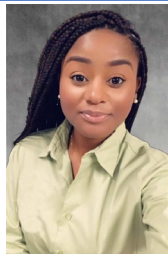


**Dr. Pamela Magee**  
Executive Director/Principal

- PCHS Vision and Mission
- Organizational Coordination and Oversight
- Long Term Strategic Planning
- Liaison to CDE/LACOE/LAUSD
- Public Information Officer/Communications/Media
- Direct Report to PCHS Board of Trustees



- Special Education Dept.
- Section 504
- Health Office
- Mental Health Services



- Admissions/Lottery/Enrollment
- Attendance Monitoring
- Homeless Student Liaison
- Orientation
- School Tours
- The Village Nation
- WASC
- Eng/Tech Ed/Soc Sc Depts
- Freshman Class



- Athletics
- Student Activities/Clubs
- ASB Leadership
- Community Service
- Conflict/Peer Mediation
- Discipline/Deans Office
- PE Dept
- Sophomore Class



- Assessments
- Curriculum & Instruction
- Dolphin Leadership Academy
- Fuerza Unida
- Multilingual Program
- PD/Teacher Training
- PLCs
- Library/Study Center
- Math/VAPA Depts
- Junior Class



- Academic Guidance
- College Center
- Career Center
- CTE Pathways
- Dual Enrollment
- Virtual Academy
- Pali Academy
- Summer School
- SSTs
- World Language/Science Depts
- Senior Class



- Credentials
- Compliance
- Training
- Employee Contracts
- Employee Relations
- Health Benefits
- Staffing/Hiring
- Substitute Teachers



- Facilities
- Maintenance
- MGAC/Pool
- Permits & Setups
- Safety/Security
- Transportation
- IT Dept



- Budget
- Cafeteria
- Finance Office
- LCAP
- Payroll
- Purchasing and Receivables
- Student Store



# PALISADES CHARTER HIGH SCHOOL

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## Section 2

- Board Member Rules and Responsibilities
- Stakeholder Board Level Committees/Board Member Committees
- Recusal Policy
- Conflict of Interest Code





# PALISADES

## CHARTER HIGH SCHOOL

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### **PCHS BOARD MEMBER ROLES AND RESPONSIBILITIES**

The purpose of the Board of Trustees of Palisades Charter High School is to act in the best interest of the residents of the State of California and PCHS’s stakeholders to ensure that PCHS:

- a) Achieves appropriate results, in an appropriate manner, for its students in accordance with its Charter**
- b) Ensures PCHS operates in a fiscally responsible manner and**
- c) Avoids unacceptable actions and situations**

Members of the Board of Trustees have legal and fiduciary responsibilities to the school. The BOT is responsible for maintaining fiscal accountability, financial oversight, and governance oversight.

Code of Conduct:

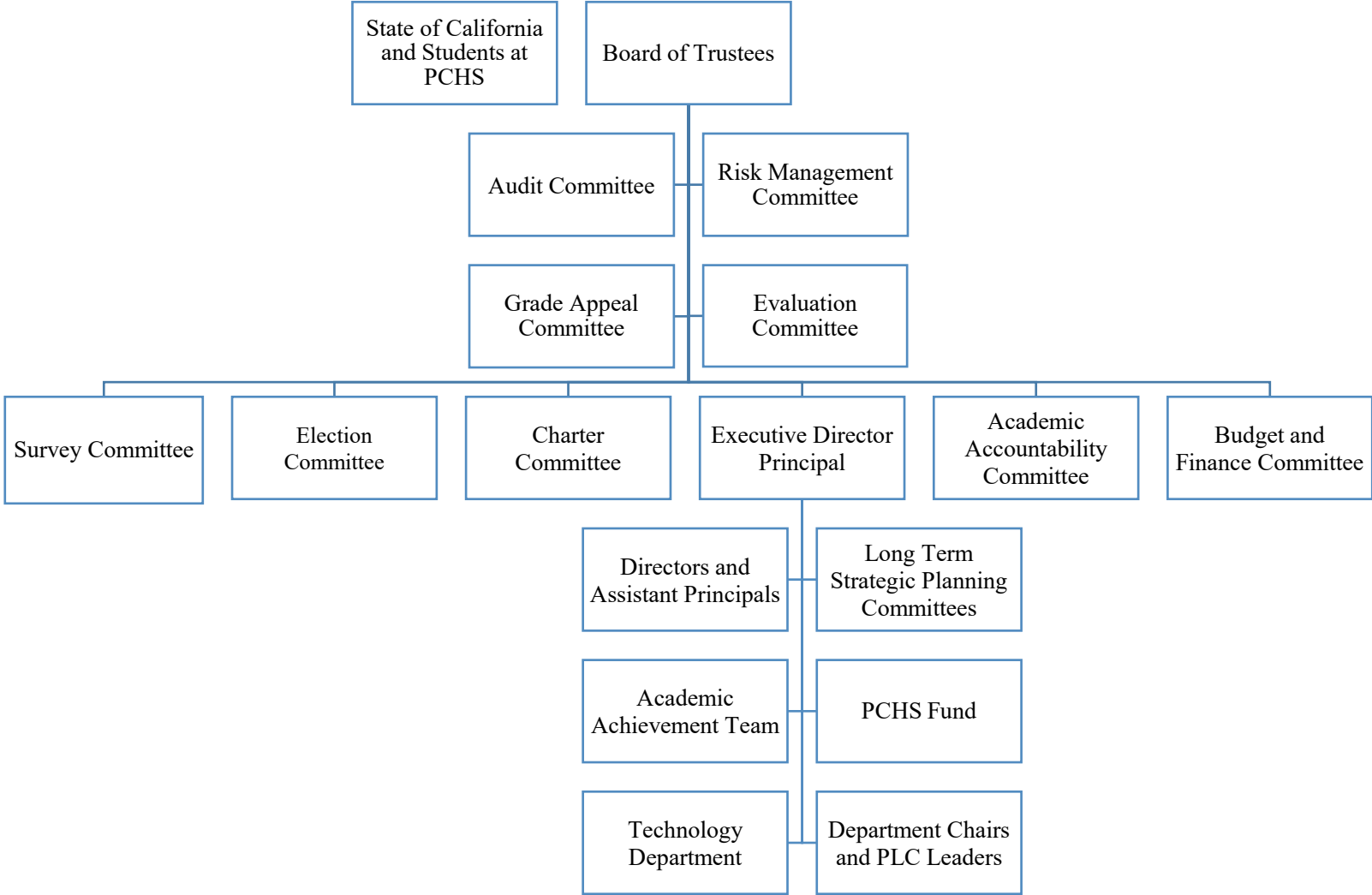
1. Each Board member has a fiduciary responsibility for the funds entrusted to the school and for sound budgetary management.
2. A Board member informs oneself of PCHS’s history, mission, goals, and legislation governing education and Charter schools.
3. A Board member reads the approved Charter and is familiar with school policies.
4. A Board member comes to meetings prepared and ensures the school’s interest above their own self-interest.
5. A Board member ensures he/she understands an issue before voting.
6. A Board member understands Governance is not Management.
7. A Board member respects confidentiality of Closed Sessions.
8. An individual Board member does not impose a personal agenda on the Executive Director.
9. A Board member clarifies concerns with the Chair and members of the Standing Committees.
10. A Board member does not deal with problems brought to their attention on an individual basis and brings that problem to the attention of the Executive Director or Board Chair.
11. A Board member recommends all stakeholder concerns follow the [PCHS complaint procedures](#) to seek resolution.
12. A Board member follows sound communication practice, adheres to the Brown Act, and refers all press inquiries to the Executive Director.
13. A Board member regularly attends Board meetings (typically the 3<sup>rd</sup> Tuesday of the month at 5 pm), Special Board Meetings, and related meetings.
14. A Board member actively participates on standing committees (dates TBD but typically occur between 3-5 pm M-F).
15. A Board member is aware of current operations, concerns, and legacy issues.
16. A Board member attends all Board trainings.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print/Type Your Name

\_\_\_\_\_  
Date

# PCHS Stakeholder Board Level Committees/Board Member Committees





# PALISADES CHARTER HIGH SCHOOL

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## **PALISADES CHARTER HIGH SCHOOL BOARD ABSTENTION POLICY**

It is the policy of the Board of Trustees ("Board") of Palisades Charter High School ("PCHS"), a California nonprofit public benefit corporation that operates a California public charter school, to maintain an Abstention Policy to avoid actual or what may appear to be conflicts of interest and to ensure the highest degree of integrity in the decision-making process.

### **I. PURPOSE AND EFFECT**

The purpose and effect of this policy is to supplement PCHS's Conflict of Interest Code and to establish a clear process for when Board members with a conflict of interest or potential conflict of interest know how and when to disqualify themselves by abstaining from a vote. This policy takes into consideration the requirements of the Political Reform Act of 1974, Government Code Section 1090, Education Code Section 47604.1, and the California Nonprofit Public Benefit Corporation Law. In the event that this Policy conflicts with federal or state laws or regulations, the federal and state laws or regulations will control, to the extent applicable to PCHS. Conflict of interest laws and regulations apply to all Board of Trustees. Members of the Board that are also employees of Palisades Charter High School face additional certain risks of potential conflicts due to their dual roles with the Corporation. In order to protect the individual Board members, the Board of Trustees, and PCHS from potential liability, the following guidelines are provided.

### **II. DISQUALIFICATION/ABSENTION**

#### **A. Non-Employee Board Members**

Non-employee Board members may not participate in open or closed session discussions of the Board involving any of the following topics:

- i. Discussions or actions as to transactions or contracts in which the Board member, or his or her spouse and/or children, has a material financial interest.



# PALISADES CHARTER HIGH SCHOOL

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## B. Employee Board Members

A Board member of PCHS who is also at the same time a PCHS employee shall abstain from voting on, or influencing or attempting to influence another Board member regarding any of the following topics:

- i. Discussions or actions as to transactions or contracts in which the Board member, or his or her spouse and/or children, has a material financial interest;
- ii. Discussions or meetings as to the appointment, employment, compensation, performance evaluation, discipline, dismissal, or hearing of complaints, claims or charges brought against a PCHS employee or employees, especially including any employee or employees who are responsible for supervising and/or evaluating the employee Board member. This rule shall not apply to the administrative representative on the Board;
- iii. Discussions or meetings with legal counsel concerning any pending or ongoing legal matters in which a current or former PCHS employee is a party in his or her personal or official capacity;
- iv. Discussions or actions regarding the salaries, salary schedules, or compensation paid in the form of fringe benefits of PCHS's employees;
- v. Any discussions or meetings concerning negotiations with a collective bargaining unit or regarding the formation of a collective bargaining unit for PCHS's employees;
- vi. Consideration of claims made against PCHS for money and/or damages where the claimant is a current or former PCHS employee.
- vii. All matters uniquely affecting the Board member's employment.

## III. PROHIBITED CONTRACTS UNDER GOVERNMENT CODE SECTION 1090

The Board of Directors shall not enter into a contract or transaction in which a director directly or indirectly has a material financial interest (nor shall the Corporation enter into any contract or transaction with any other corporation, firm, association, or other entity in which one or more of the Corporation's directors are directors and have a material financial interest). However, the Board of Directors may enter into a contract or transaction involving the general employment of a Director, subject to the abstention requirements of employee Board members described in Section II(B)(2) above.



# PALISADES CHARTER HIGH SCHOOL

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## **IV. MANNER OF DISQUALIFICATION/ABSTENTION**

For all Board Members required to individually abstain from voting under this policy, the interested Board member(s) shall disclose the disqualifying interest prior to the Board's consideration of the matter. This disclosure shall be made part of the Board's official record. The Board member shall not participate in the decision in any way. By law, this means that the Board member with the disqualifying interest shall not vote on the matter. Additionally, the Board member with a disqualifying interest may not attempt to influence Board members or other decision-makers outside of a meeting or during a meeting. In accordance with PCHS bylaws, if a Board member or members refuses to abstain from voting on a matter for which Board believes abstention is warranted, the Board may vote to cause involuntary abstention by majority vote, excluding the member or members with the perceived or actual conflict of interest.

Drafted March 10, 2022

Conflict of Interest Code  
of the  
**Palisades Charter High School**

Incorporation of FPPC Regulation 18730 (2 California Code of Regulations, Section 18730) by Reference

The Political Reform Act (Government Code Section 81000, *et seq.*) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regs. 18730), which contains the terms of a standard conflict of interest code. After public notice and hearing, it may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730, and any amendments to it duly adopted by the Fair Political Practices Commission, are hereby incorporated into the conflict of interest code of this agency by reference. This regulation and the attached Appendices (or Exhibits) designating officials and employees and establishing economic disclosure categories shall constitute the conflict of interest code of this agency.

Place of Filing of Statements of Economic Interests

All officials and employees required to submit a statement of economic interests shall file their statements with the agency head; or his or her designee. The agency shall make and retain a copy of all statements filed by its Charter School Board Members and the Executive Director/Principal and forward the originals of such statements to the Executive Office of the Board of Supervisors of Los Angeles County.

The agency shall retain the originals of statements for all other Designated Positions named in the agency's conflict of interest code. All retained statements, original or copied, shall be available for public inspection and reproduction (Gov. Code Section 81008).



# Palisades Charter High School

## Exhibit "A"

### **CATEGORY 1**

Persons in this category shall disclose all interest in real property which is located in whole or in part within two (2) miles of any facility utilized by the Palisades Charter High School, including any leasehold, beneficial or ownership interest or option to acquire such interest in real property.

Persons are not required to disclose a residence, such as a home or vacation cabin, used exclusively as a personal residence; however, a residence in which a person rents out a room or for which a person claims a business deduction may be reportable.

### **CATEGORY 2**

Persons in this category shall disclose all investments and business positions in, and sources of income (including gifts, loans and travel payments) that are from, business entities engaged in the performance of work or services, or sources that manufacture, sell, repair, rent or distribute school supplies, books, materials, school furnishings or equipment of the type utilized by the Palisades Charter High School.

### **CATEGORY 3**

Persons in this category shall disclose all investments and business positions in, and sources of income (including gifts, loans and travel payments) that are from, business entities engaged in the performance of work or services, or sources that manufacture, sell, repair, rent or distribute school supplies, books, materials, school furnishings or equipment of the type utilized by the designated position's department.

### **CATEGORY 4**

Persons in this category shall disclose all income (including gifts, loans and travel payments) from any Palisades Charter High School employee or any known representative or association of such employee or any business known by the reporting official to be owned or controlled by such employee.

### **CATEGORY 5**

Persons in this category shall disclose all business positions, investments in, and/or income (including gifts, loans, and travel payments) from businesses and or individuals that lease, rent or seek a permit for use of Palisades Charter High School space.

# Palisades Charter High School

## Exhibit "B"

<u>Designated Positions</u>	<u>Disclosure Categories</u>
Member, Charter School Board	1, 2, 4, 5
Executive Director/Principal	1, 2, 4, 5
Assistant Principal/Director	1, 2, 4
Chief Business Officer	1, 2
Director of Human Resources	1, 2, 4, 5
Director of Operations	2, 5
Finance Manager	1, 2
Director of Information Technology	2
Consultants/New Positions*	

\* Consultants/New Positions are included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code, subject to the following limitations:

The Executive Director/Principal or his or her designee may determine in writing that a particular consultant or new position, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with disclosure requirements in this section. Such written determination shall include a description of the consultant's or new position's duties and, based upon that description, a statement of the extent of disclosure requirements. The Executive Director/Principal or his or her designee's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict-of-interest code. (Gov. Code Section 81008.)

Individuals who perform under contract the identical duties of any designated position shall be required to file Statements of Economic Interests disclosing reportable interests in the categories assigned to that designated position.

**EFFECTIVE: 01/06/2021**



# PALISADES CHARTER HIGH SCHOOL

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## Section 3

- Bylaws
- Governance Policies
- PCHS Board of Trustees  
Glossary

**BYLAWS**  
**OF**  
**PALISADES CHARTER HIGH SCHOOL**  
(A California Nonprofit Public Benefit Corporation)

**ARTICLE I**  
**NAME**

The name of this corporation is Palisades Charter High School.

**ARTICLE II**  
**PRINCIPAL OFFICE OF THE CORPORATION**

Section 1: **PRINCIPAL OFFICE OF THE CORPORATION.** The principal office for the transaction of the activities and affairs of this corporation is 15777 Bowdoin Street, Pacific Palisades, County of Los Angeles, State of California. The Board of Trustees (“Board of Trustees” or “board”) may change the location of the principal office. Any such change of location must be noted by the secretary on these bylaws opposite this Section; alternatively, this Section may be amended to state the new location.

Section 2. **OTHER OFFICES OF THE CORPORATION.** The Board of Trustees may at any time establish branch or subordinate offices at any place or places where this corporation is qualified to conduct its activities.

**ARTICLE III**  
**GENERAL AND SPECIFIC PURPOSES; LIMITATIONS**

The purpose of this corporation is to manage, operate, guide, direct, and promote the Palisades Charter High School (“Charter School” or “PCHS”), a California public charter school. Also, in the context of these purposes, the Corporation shall not, except in a substantial degree, engage in any other activities or exercise of power that do not further the purposes of the Corporation. The Corporation shall not carry on any other activities not permitted to be carried on by: (a) a corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code; or (b) a corporation, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code, or the corresponding section of any federal tax code. No substantial part of the activities of the Corporation shall consist of the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing

or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office.

#### **ARTICLE IV CONSTRUCTION AND DEFINITIONS**

Unless the context indicates otherwise, the general provisions, rule of construction, and definitions in the California Nonprofit Corporation Law shall govern the construction of these bylaws. Without limiting the generality of the preceding sentence, the masculine gender includes the feminine and neuter, the singular includes the plural, and the plural includes the singular, and the term “person” includes both a legal entity and a natural person.

#### **ARTICLE V DEDICATION OF ASSETS**

This corporation’s assets are irrevocably dedicated to public benefit purposes as set forth in the Charter School’s Charter. No part of the net earnings, properties, or assets of the corporation, on dissolution or otherwise, shall inure the benefit of any private person or individual, or to any director or officer of the corporation. On liquidation or dissolution, all properties and assets remaining after payment, or provision for payment, of all debts and liabilities of the corporation shall be distributed to a nonprofit fund, foundation, or corporation that is organized and operated exclusively for charitable purposes and that has established its exempt status under Internal Revenue Code section 501(c)(3).

#### **ARTICLE VI CORPORATION WITHOUT MEMBERS**

This corporation shall have no voting members within the meaning of the Nonprofit Corporation Law. The corporation’s Board of Trustees may, in its discretion, admit individuals to one or more classes of nonvoting members; the class or classes shall have such rights and obligations as the Board of Trustees finds appropriate.

## **ARTICLE VII BOARD OF TRUSTEES**

Section 1. **GENERAL POWERS.** Subject to the provisions and limitation of the California Nonprofit Public Benefit Corporation Law and any other applicable laws, and subject to any limitations of the articles of incorporation or bylaws, the corporation's activities and affairs shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board of Trustees, sometimes referred to as the Board of Trustees. The board may delegate the management of the corporation's activities to any person(s), management company or committees (Article VII, Section 23), however composed, provided that the activities and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the board.

Section 2. **SPECIFIC POWERS.** Without prejudice to the general powers set forth in Section 1 of these bylaws, but subject to the same limitations, the Board of Trustees shall have the power to:

- (a) Subject to any applicable contractual or other legal requirements, appoint and remove, all corporate officers, agents, and employees; prescribe powers and duties for them as are consistent with the law, the articles of incorporation, and these bylaws; fix their compensation; and require from them security for faithful service.
- (b) Change the primary administrative office or the primary business office in California from one location to another; cause the corporation to be qualified to conduct its activities in any other state, territory, dependency, or country; conduct its activities in or outside California; and designate a place in California for holding any meeting of the board.
- (c) Borrow money and incur indebtedness on the corporation's behalf and cause to be executed and delivered for the corporation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities.
- (d) Adopt and use a corporate seal.

Section 3. **DESIGNATED TRUSTEES.**

The number of trustees shall be eleven (11) voting members and one (1) non-voting student member, unless changed by amendments to these bylaws and revision of the charter that created Palisades Charter High School. Except as otherwise provided, all trustees shall have full voting rights, including any representative appointed by the charter authorizer as consistent with Education Code Section 47604(b). If the charter authorizer appoints a representative to serve on



the Board of Trustees, the Corporation may appoint an additional trustee to ensure an odd number of trustees. All trustees, except for the representative of the charter authorizer, shall be elected in accordance with this Section and Section 6 of this Article.

In accordance with the PCHS Charter and the adopted PCHS election policies, the trustees shall be as follows:

- Three (3) faculty members;

The faculty will elect two (2) faculty members to the Board, each of whom shall serve a staggered two-year term. The students will elect one (1) faculty member. The student-elected faculty member shall serve a one-year term.

A faculty member trustee must be currently employed as a faculty member at PCHS for the duration of the term. Employment as a faculty member includes, but is not limited to, positions that are eligible for UTLA representation. No teacher who currently serves as a faculty bargaining unit representative may serve as a trustee.

- One (1) administrative member (from directors and managerial staff);

The administrative staff shall elect the administrative member, who shall serve a two-year term. The administrative trustee cannot be the Executive Director/Principal or the Chief Business Officer.

An administrative member trustee must be currently employed as an administrator or management staff member for the duration of the term.

- One (1) classified member;

The classified staff shall elect the classified member, who shall serve a two-year term, to be staggered with the administrative member.

A classified member trustee must be currently employed as a non-temporary classified staff member at PCHS for the duration of the term. No classified employee who currently serves as a classified bargaining unit representative may serve as a trustee.

- Three (3) parent members;

The parents shall elect the parent members, one of whom shall be designated as not living in PCHS's traditional geographic area. Parent members will serve two-year terms. The parent member designated as not living in PCHS's traditional geographic catch area shall be elected at the same time as one other parent member. The other parent member's term shall be staggered such that all parent members are not elected in the same year.

A parent member must be a parent of a current PCHS student for the entire term. (For example, if a candidate is running for a two-year term as a parent member, then the candidate

must currently have a 9th or 10th grade PCHS student.) In addition, a parent member must not be an interested person as that term is defined in Section 4 of this Article.

In addition to the above requirements, the parent member designated as not living in PCHS's traditional geographic area must live outside the traditional PCHS residence area (based on the PCHS boundary map).

- Three (3) community members;

Two (2) of the three (3) community members will be elected by PCHS personnel, the parent stakeholder group, and the student body. All PCHS personnel will elect the third (3) community member. The community members will serve two-year terms. The terms shall be staggered so that the PCHS-elected community representative and one of the other community representatives are elected in one year, and the third community member representative will be elected in the other year. The year that one (1) parent member is elected shall be the year in which two (2) community members are elected.

A community member trustee must not be a parent of a PCHS student for the duration of the term. The candidate for a seat as a community member trustee must live in the communities served by PCHS at the time of the election.

A community member trustee must not be an interested person as that term is defined in Section 4 of this Article.

PCHS desires that community member trustees have experience and expertise in areas that include: education, law, finance, and/or fundraising. However, such experience and expertise is not a requirement to be eligible to serve as a community member trustee.

- One (1) non-voting student member.

The ASB Student Body President shall serve as a non-voting member of the Board. He or she shall have the same rights as a voting member of the Board except the right to vote, to move or second a proposal, or to hold a Board office. The Student member of the Board shall not be counted when considering whether a quorum is present.

**Section 4. RESTRICTION ON INTERESTED PERSONS AS TRUSTEES.** No more than 49 percent of the persons serving on the Board of Trustees may be interested persons. PCHS shall abide by conflict of interest policies applicable to public entities, including Government Code Section 1090 and the Political Reform Act. An interested person is (a) any person currently being compensated by the corporation for services rendered to it within the previous 12 months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a trustee as trustee; and (b) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of such person. However, any violation of the paragraph shall not affect the validity or enforceability of transactions entered into by the corporation so long as the majority of non-

interested parties voted in favor of the transaction. The Board may adopt other policies circumscribing potential conflicts of interest.

Section 5. BOARD MEMBERS' TERMS. Board members' terms shall be as described in Element 4 of the charter that created Palisades Charter High School and Section 3 of this Article.

Section 6. ELECTIONS COMMITTEE. The Board of Trustees shall appoint an Elections Committee. The composition and responsibilities of the Elections Committee and the election related policies and procedures carried out by the Elections Committee shall be as set forth in Element 4 of the charter that created Palisades Charter High School. The Elections Committee shall be made up of one PESPU representative, two UTLA representatives, and no fewer than three Board members (at least one of whom shall be a parent representative and two of whom shall be non-interested), none of whom are running for election to the Board of Trustees in the next coming election. The Elections Committee is responsible for drafting guidelines, for voting in the election, which must be approved by the Board of Trustees before becoming effective; for facilitating Board of Trustee elections, enhancing voter turnout, counting the votes; and presenting the certified results to the Board of Trustees. The Board of Trustees shall accept the Elections Committee's certified results as final, official results, absent objective evidence that the election procedures were not followed or that some other impropriety existed calling the election into question.

Section 7. USE OF CORPORATE FUNDS TO SUPPORT CANDIDATE. No corporation funds may be expended to support a candidate.

Section 8. EVENTS CAUSING VACANCIES ON BOARD. A vacancy or vacancies on the Board of Trustees shall occur in the event of (a) the death or resignation of any trustee; (b) the removal of a trustee, with or without cause, by resolution of the board as noted below; (c) the declaration by resolution of the Board of Trustees of a vacancy in the office of a trustee who has been convicted of a felony, declared of unsound mind by a court order, or found by final order or judgement of any court to have breached a duty under California Nonprofit Public Benefit Corporation Law, Chapter 2, Article 3; (d) the increase of the authorized number of trustees; (e) the failure to solicit a candidate for a vacant trustee position; and (f) termination of employment with the Charter School for a board member who is an interested member.

Trustees may be removed, with or without cause, by the designators of the trustee, or by the vote of the majority of the entire Board of Trustees with the written consent of the designators of the trustee at a special meeting called for that purpose, or at a regular meeting, provided that notice of that meeting and of the removal questions are given as provided in Section 14. Any vacancy caused by the removal of a trustee shall be filled as provided in Section 11.

Any trustee who does not attend three successive regular board meetings will automatically be removed from the board without board resolution unless (a) the trustee requests a leave of absence for a limited period of time, and the leave is approved by the trustees at a

regular or special meeting (if such leave is granted , the number of board members will be reduced by one in determining whether a quorum is or is not present), (b) the trustee suffers from an illness or disability that prevents him or her from attending meetings and the board by resolution of the majority of board members agrees that trustee who has missed three meetings may be reinstated.

Section 9. RESIGNATION OF TRUSTEES. Except as provided below, any trustee may resign by giving written notice to the chair of the board, if any, or to the vice chair or the secretary of the board. The resignation shall be effective when the notice is given unless the notice specifies a later time for the resignation to become effective.

Section 10. TRUSTEE MAY NOT RESIGN IF NO DIRECTOR REMAINS. Except on notice to the California Attorney General, no trustee may resign if the corporation would be left without a duly elected trustee or trustees.

Section 11. VACANCIES FILLED BY ALTERNATES OR SPECIAL ELECTION. A vacancy on the Board of Trustees shall be filled by the appropriate alternate as designated in the PCHS Charter and these bylaws. The alternate for any particular trustee position shall be designated as the next highest vote earner in the election in which the vacating trustee was most recently elected.

In the event that the next highest vote earner is not available, the Election Committee will be tasked with selecting a replacement by unanimous consent of the Elections committee within two weeks of the date the board seat was vacated. The replacement must be from the same stakeholder group as the board member whose seat became vacated.

Should the designated alternate no longer be eligible or willing to serve, the vacancy shall be filled by an appropriate special stakeholder election, with the exception that if the remaining term of office of a vacant trustee position is six (6) months or less, the vacancy may either be filled or left vacant by approval of the Board of Trustees or, if the number of trustees then in office is less than a quorum, by (1) the unanimous consent of the trustees then in office, (2) the affirmative vote of a majority of the trustees then in office at a meeting held according to notice or waivers of notice complying with Corporations Code Section 5211, or (3) a sole remaining trustee.

Section 12. NO VACANCY ON REDUCTION OF NUMBER OF TRUSTEES. Any reduction of the authorized number of trustees shall not result in any being removed before his or her term of office expires.

Section 13. PLACE OF BOARD OF TRUSTEES MEETINGS. Meetings shall be held at the principal office of the corporation or at such other location as may be designated by the board within the boundaries of the territory over which the local agency has jurisdiction. All meetings of the Board of Trustees shall be called, held and conducted in accordance with the terms and

provisions of the Ralph M. Brown Act California Government Code Sections 54950, et seq. (the “Brown Act”), as said chapter may be modified by subsequent legislation.

Section 14. MEETINGS; ANNUAL MEETINGS. All meetings of the board and its committees shall be called, noticed, and held in compliance with the provisions of the Brown Act.

The board shall meet annually for the purpose of organization, appointment of officers, and the transaction of such other business as may properly be brought before the meeting. This meeting shall be held at a time, date, and place as may be specified and noticed by the chair of the board.

Section 15. REGULAR MEETINGS. Unless changed and publicized with adequate notice, regular meetings of the board shall be held on the third Tuesday of every month, unless the third Tuesday of the month should fall on a legal holiday or unless a quorum (as defined in Article VII, Section 19) is unavailable, provided, however, that the board may, by resolution, hold its regular meeting on a different day. At least 72 hours before a regular meeting, the board, or its designee, shall post an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting.

Section 16. SPECIAL MEETINGS. Special meetings of the board for any purpose may be called at any time by the chair of the board, the vice chair, the president, the secretary, or a majority of the Board of Trustees. The party calling a special meeting shall determine the place, date, and time thereof.

Section 17. NOTICE OF SPECIAL MEETINGS. In accordance with the Brown Act, special meetings of the board may be held only after twenty-four (24) hours’ notice is given to each board member and to the public through the posting of an agenda. Pursuant to the Brown Act, the board shall adhere to the following notice requirements for special meetings.

- (a) Any such notice shall be addressed or delivered to each board member at the board member’s address or email as it is shown on the records of the corporation, or as may have been given to the corporation by the board member of purposes of notice, or, if an address is not shown on the corporation’s records or is not readily ascertainable, at the place at which the meetings of the board are regularly held.
- (b) Notice by mail shall be deemed received at the time a properly addressed written notice is deposited in the United States mail, postage prepaid. Any other written notice shall be deemed received at the time it is personally delivered to the recipient or is delivered to a common carrier for transmission, or is actually transmitted by the person giving the notice by electronic means to the recipient. Oral notice shall be deemed received at the time it is communicated, in person or by telephone or wireless, to the recipient or to a person at the office of the recipient whom the person giving the notice has reason to believe will promptly communicate it to the receiver.

- (c) The notice of special meeting shall state the time of the meeting, and the place if the place is other than the principal office of the corporation, and the general nature of the business proposed to be transacted at the meeting. No business, other than the business the general nature of which was set forth in the notice of the meeting, may be transacted at a special meeting.

Section 18. TELECONFERENCE MEETINGS. Board members may participate in teleconference meetings so long as all of the following requirements in the Brown Act are complied with:

- (a) At a minimum, a majority of the board members then in office shall participate in the teleconference meeting from locations within the boundaries of the county in which PCHS operates;
- (b) All votes taken during a teleconference meeting shall be by roll call;
- (c) If the board elects to use teleconferencing, it shall post agendas at all teleconference locations with each teleconference location being identified in the notice and agenda of the meeting;
- (d) All locations where a member participates in a meeting via teleconference must be fully accessible to members of the public and shall be listed on the agenda.<sup>1</sup>
- (e) Members of the public must be able to hear what is said during the meeting and shall be provided with an opportunity to address the board directly at each teleconference location; and
- (f) The agenda shall indicate the members of the public attending the meeting conducted via teleconference need not give their name when entering the conference call.<sup>2</sup>

Section 19. QUORUM. A majority of the voting directors then in office (not to include vacant director positions in the calculation) shall constitute a quorum. Any action taken by a majority of the directors present at a meeting duly held in which a quorum is present constitutes an act of the board. Should there be less than a majority of the voting trustees then in office present at the meeting, the meeting shall be adjourned. Voting trustees may not vote by proxy. A meeting at which a quorum is initially present may continue to transact business, despite the withdrawal of some trustees, if any action taken or decision made is approved by at least a majority of the required quorum.

Section 20. ADJOURNMENT. A majority of the trustees present, whether or not a quorum is present, may adjourn any board meeting to another time or place. If a meeting is adjourned for more than twenty-four (24) hours, notice of such adjournment to another time or

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<sup>1</sup> This means that trustees who choose to utilize their homes or offices as teleconference locations must open these locations to the public and accommodate any members of the public who wish to attend the meeting at that location.

<sup>2</sup> The Brown Act prohibits requiring members of the public to provide their names as a condition of attendance at the meeting.



place shall be given, prior to the time schedule for the continuation of the meeting, to the trustees who were not present at the time of the adjournment, and to the public in the manner prescribed by any applicable public open meeting law.

**SECTION 21. CLOSED SESSION MEETINGS.** Closed session meetings of the board shall be posted and run in compliance with the provisions of the Brown Act. Unless otherwise dictated by need and approved by the chair of the board (or if the chair of the board is absent, the vice chair of the board) only members of the board may participate in the closed meetings.

**SECTION 22. CREATION OF POWERS OF COMMITTEES.** The board may create one or more standing or ad hoc committees. The board shall not have the discretion to disband the Budget and Finance Committee.

Standing committees made up not solely of board members currently include the following: (1) the Budget and Finance Committee; the Academic Accountability Committee; (3) the Charter Committee; and (4) the Elections Committee. Standing committees made up solely of board members currently include the following: (1) Audit; (2) Bargaining; (3) Evaluation; (4) Grade Appeals; and (5) Risk Management. A committee of the board that shall exercise the authority of the board shall consist of two or more trustees. Unless otherwise changed by board approval, the only committee that is authorized to exercise the authority of the board is the Grade Appeals Committee. Authorized standing committees that do not exercise the authority of the board and are not made up solely of board members, shall consist of individuals elected to committee membership according to the respective committee's bylaws. The goal is for teachers to have the right to comprise at least 50% of each such standing committee to the extent set forth in the Charter. Committees shall report to the board on a periodic basis. Subject to the approval of the board, and except as otherwise set forth in the Charter, each standing committee shall establish its own bylaws to address, among other matters, purpose, committee membership, elections, meetings, and duties. No committee may:

- (a) Take any final action on any matter that, under the California Nonprofit Public Benefit Corporation Law, also requires approval of the board or approval of a majority of all trustees;
- (b) Amend or repeal bylaws or adopt new bylaws;
- (c) Amend or repeal any resolution of the Board of Trustees unless by its express terms such resolution is so amendable or subject to repeal;
- (d) Create any other committees of the Board of Trustees or appoint the members of committees of the board.

**Section 23. MEETINGS AND ACTION OF COMMITTEES.** Meetings and actions of committees of the Board of Trustees shall be governed by, held, and taken under the provisions of these bylaws concerning meetings, other Board of Trustees actions, and the Brown Act, if applicable, except that the time for general meetings of such committees may be set either by Board of Trustees resolution or, if none, by resolution of the committee. Minutes of each meeting shall be kept and shall be filed with the corporate records. The Board of Trustees may adopt rules

for the governance of any committee as long as the rules are consistent with these bylaws. If the Board of Trustees has not adopted rules, the committee may do so.

Section 24. **NON-LIABILITY OF TRUSTEES.** No trustee shall be personally liable for the debts, liabilities, or other obligations of this corporation.

Section 25. **COMPLIANCE WITH LAWS GOVERNING STUDENT RECORDS.** The Charter School and the Board of Trustees shall comply with all applicable provisions of the Family Education Rights Privacy Act (“FERPA”) as set forth in Title 20 of the United States Code Section 1232g and attendant regulations as they may be amended from time to time.

## **ARTICLE VIII OFFICERS OF THE CORPORATION**

Section 1. **OFFICES HELD.** The officers of this corporation shall be a chair of the board, a vice-chair of the board, a president, a secretary, and a chief financial officer. The Charter School’s president shall be known as the “Executive Director/Principal.” All references in these bylaws to the “president” shall apply to the Executive Director/Principal. The officers, in addition to the corporate duties set forth in this Article VIII, shall also have administrative duties set forth in any applicable contract for employment or job description.

Section 2. **DUPLICATION OF OFFICE HOLDERS.** No person may hold more than one office except that the Secretary may also be the chair or vice-chair of the board.

Section 3. **ELECTION OF OFFICERS.** The officers of this corporation shall be chosen annually by the Board of Trustees and shall serve at the pleasure of the board, subject to the rights and duties of any officer under any employment contract. Officers’ terms may be staggered to provide continuity of leadership, although generally the chair, vice-chair, and secretary shall serve one year terms, subject to re-appointment.

Section 4. **APPOINTMENT OF OTHER OFFICERS.** The Board of Trustees may appoint and authorize the chair of the board, the president, or another officer to appoint any other officers that the corporation may require, subject to approval of the board at its next meeting, unless such authority has been delegated to the president, in which case the appointment shall be reported to the board at its next meeting. Each appointed officer shall have the title and authority, hold office for the period, and perform the duties specified in the bylaws or established by the board.

Section 5. **REMOVAL OF OFFICERS.** Subject to any applicable contracts, collective bargaining requirements or other legal requirements, without prejudice to the rights of any officer under an employment contract, the Board of Trustees may remove any officer with or without cause. An officer who was not chosen by the Board of Trustees may be removed by any other officer on whom the Board of Trustees confers the power of removal.

Section 6. RESIGNATION OF OFFICERS. Any officer may resign at any time by giving written notice to the board. The resignation shall take effect on the date the notice is received or at any later time specified in the notice. Unless otherwise specified in the notice, the resignation need not be accepted to be effective. Any resignation shall be without prejudice to any rights of the corporation under any contract to which the officer is a party.

Section 7. VACANCIES IN OFFICE. A vacancy in any office because of death, resignation, removal, disqualification, or any other case shall be filled in the manner prescribed in these bylaws for normal appointment to that office, provided, however, that vacancies need not be filled on an annual basis.

Section 8. CHAIR OF THE BOARD. The chair of the Board of Trustees shall preside at Board of Trustees meetings and shall exercise and perform such other powers and duties as the Board of Trustees may assign from time to time.

Section 9. VICE-CHAIR OF THE BOARD. In the absence of the chair, the vice-chair shall preside at Board of Trustees meetings and shall exercise and perform such other powers and duties as the board of Trustees may assign from time to time.

Section 10. PRESIDENT. The chief officer of the Charter School shall be the president, also known as the Executive Director/Principal. Subject to such supervisory powers as the Board of Trustees may give to the chair of the board, if any, and subject to the control of the board, and subject to the president's contract of employment, the president shall be the general manager of the corporation and shall supervise, direct, and control the corporation's activities, affairs, and officers (other than the chair, vice-chair, and secretary) as fully described in any applicable employment contract agreement, or job specification. The president shall have such other powers and duties as the Board of Trustees or the bylaws may require.

Section 11. VICE-PRESIDENTS. The vice-president is also known as the Academic Principal. Subject to the vice-president's contract of employment, if the president is absent or disabled, the Academic Principal or such other vice president as may be designated by the board, shall perform all duties of the president. When so acting, the vice-president shall have all powers of and be subject to all restrictions on the president. The vice-presidents shall have such other powers and perform such other duties as the Board of Trustees or the bylaws may require.

Section 12. SECRETARY. The secretary shall keep or cause to be kept, at the corporation's principal office or such other place as the Board of Trustees may direct, a book of minutes of all meeting proceedings, and actions of the board, and committees of the board. The minutes of meetings shall include the time and place that the meeting was held; whether the meeting was annual, regular, special, or emergency and, if special or emergency, how authorized; the notice given; and the names of persons present at the Board of Trustees and committee meetings.

The secretary shall keep or cause to be kept, at the principal California office, a copy of the articles of incorporation and bylaws, as amended to date.

The secretary shall give, or cause to be given, notice of all meetings of the Board of Trustees and of committees of the Board of Trustees, that these bylaws require to be given. The secretary shall keep the corporate seal, if any, in safe custody and shall have such other powers and perform such other duties as the Board of Trustees or bylaws may require.

Section 13. CHIEF FINANCIAL OFFICER. Subject to the chief financial officer's contract of employment, the chief financial officer, known also as the Chief Business Officer, shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the corporation's properties and truncations. The chief financial officer shall send or cause to be given to the board members such financial statements and reports as are required to be given by law, by these bylaws, or by the board. The books of account shall be open to inspection by any director at all reasonable times.

The chief financial officer shall (a) deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the corporation with such depositories as the Board of Trustees may designate; (b) disburse the corporation's funds as the Board of Trustees may order; (c) render to the president, chair of the board, and the board, when requested, an account of all transactions as chief financial officer and of the financial condition of the corporation; and (d) have such other powers and perform such other duties as the board, contract, job specification, or the bylaws may require.

If required by the board, the chief financial officer shall give the corporation a bond in the amount and with the surety or sureties specified by the Board of Trustees for faithful performance of the duties of the office and for restoration to the corporation of all of its books, papers, vouchers, money, and other property of every kind in the possession or under the control of the chief financial officer on his or her death, resignation, retirement, or removal from office.

## **ARTICLE IX CONTRACTS WITH NON-TRUSTEE DESIGNATED EMPLOYEES**

The corporation shall not enter into a contract or transaction in which a non-trustee designated employee (e.g., officers and other key decision-making employees) directly or indirectly has a material financial interest-

## **ARTICLE X LOANS TO TRUSTEES AND OFFICERS**

This corporation shall not lend any money or property to or guarantee the obligation of any trustee or officer without the approval of the California Attorney General; provided, however, that the corporation may advance money to a director or officer of the corporation for

expenses reasonably anticipated to be incurred in the performance of his or her duties if that director or officer would be entitled to reimbursement for such expenses of the corporation.

## **ARTICLE XI INDEMNIFICATION**

To the fullest extent permitted by law, this corporation shall indemnify its trustees, officers, employees, and other persons described in Corporations Code Section 5238(a), including persons formerly occupying any such positions, against all expenses, judgements, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any “proceeding,” as that term is used in that section, and including an action by or in the right of the corporation by reason of the fact that the person is or was a person described in that section. “Expenses,” as used in this bylaw, shall have the same meaning as in that section of the Corporations Code.

On written request to the Board of Trustees by any person seeking indemnification under Corporations Code section 5238 (b) or section 5238 (c) the Board of Trustees shall promptly decide under Corporations Code Sections 5238 (b) or Section 5238 (c) has been met and, if so, the Board of Trustees shall authorize indemnification.

## **ARTICLE XII INSURANCE**

This corporation shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its officers, trustees, employees, and other agents, to cover any liability asserted against or incurred by an officer, director, employee, or agent in such capacity or arising from the officer’s, trustee’s, employee’s or agent’s status as such.

## **ARTICLE XIII MAINTENANCE OF CORPORATE RECORDS**

This corporation shall keep:

- (a) Adequate and correct books and records of account:
- (b) Written minutes of the proceedings of its board and committees of the board; an
- (c) Such reports and records as required by law.

**ARTICLE XIV  
INSPECTION  
RIGHTS**

Section 1. TRUSTEES' RIGHT TO INSPECT. Every trustee shall have the right at any reasonable time to inspect the corporation's books, records, documents of every kind, physical properties, and the records of each subsidiary as permitted by California and federal law. The inspection may be made in person or by the trustee's agent or attorney. The right of inspection includes the right to copy and make extracts of documents as permitted by California and federal law. This right to inspect may be circumscribed in instances where the right to inspect conflicts with California or federal law (e.g., restrictions on the release of confidential employee records or pupil education records, etc.) pertaining to access to books, records, and documents.

Section 2. REQUESTS FOR PUBLIC RECORDS. This corporation shall comply with the requirements of the California Public Records Act. (See Government Code Section 6250 et seq.).

Section 3. MAINTENANCE AND INSPECTION OF ARTICLES AND BYLAWS. This corporation shall keep at its principal California office the original or a copy of articles of incorporation and bylaws, as amended to the current date, which shall be open to inspection by any stakeholder at all reasonable times during office hours. If the corporation has no business office in California, the secretary shall, upon written request, furnish a copy of the articles of incorporation and bylaws, as amended to the current date.

**ARTICLE XV  
REQUIRED  
REPORTS**

Section 1. ANNUAL REPORTS. The Board of Trustees shall cause an annual report to be sent to the Board of Trustees within 120 days after the end of the corporation's fiscal year. That report shall contain the following information, in appropriate detail:

- (a) The assets and liabilities, including the trust funds, of the corporation at the end of the fiscal year;
- (b) The principal changes in assets and liabilities, including trust funds;
- (c) The corporation's revenue or receipts, both unrestricted and restricted to particular purposes;
- (d) The corporation's expenses or disbursements for both general and restricted purposes;
- (e) Any information required under these bylaws; and



- (f) Any independent accountant's report or, if none, the certificate of an authorized officer of the corporation that such statements were prepared without audit from the corporation's books and records.

Section 2. ANNUAL STATEMENT OF CERTAIN TRANSACTIONS AND INDEMNIFICATIONS. As part of the annual report or as a separate document if no annual report is issued, the corporation shall, within 120 days after the end of the corporation's fiscal year, annually prepare and furnish to each director a statement of any transaction or indemnification of the following kind:

- (a) Any transaction (i) in which the corporation, or its parent or subsidiary, was a party, (ii) in which an "interested person" had a direct or indirect material financial interest. For this purpose, an "interested person" is either:
  - (1) Any trustee or officer or the corporation, its parent, or subsidiary (but mere common directorship shall not be considered such an interest); or
  - (2) Any holder or more than 10 percent of the voting power of the corporation, its parent or its subsidiary. The statement shall include a brief description of the transaction, the names of interested persons involved, their relationship to the corporation, the nature of their interest, provided that if the transaction was with a partnership in which the interest person is a partner, only the interest of the partnership need be stated.

## **ARTICLE XVI AMENDMENT TO BYLAWS**

These bylaws may be amended by a majority vote of the Board of Trustees at a meeting in which a quorum is present. Bylaws may not be amended to include any provision that conflicts with law, the Articles of Incorporation, or the charter of the Palisades Charter High School.

## **CERTIFICATE OF SECRETARY**

I certify that I am the duly elected and acting secretary of Palisades Charter High School, a California nonprofit public benefit corporation; that these bylaws, consisting of fifteen (15) pages, are the bylaws of this corporation as amended or modified since that date.

Executed on August 3, 2020 at Los Angeles, California.

A handwritten signature in blue ink, appearing to read 'Dara Williams', is written over a solid horizontal black line.

Dara Williams, Board Secretary

Updated March 10, 2020

# **Board of Trustees Governance Policies**

## **Revised September 26, 2017**

### **Governance Process Policies**

#### **Global Governance Process Policy**

The purpose of the Board of Trustees (Board) of Palisades Charter High School (PCHS) is to act in the best interest of the residents of the State of California and PCHS's stakeholders and to ensure that PCHS (a) achieves appropriate results for its students in accordance with the PCHS Mission Statement and Charter (as specified in Board Goals Policies) and (b) avoids unacceptable actions and situations (as prohibited in Board-Executive Limitations Policies).

“Governance” as used in these Governance Process Policies is distinct and separate from “management” in that governance ensures that (a) conditions apply whereby PCHS's management acts in the interests of the residents of the State of California and (b) the Executive Director/Principal (EDP), formerly known as the Executive Director, is held accountable to the residents of the State of California and PCHS's stakeholders for outcomes and goals and the proper use of PCHS assets. The role of governance generally is to specify outcomes (e.g., that PCHS close the achievement gap) and to ensure that outcomes are achieved, while the role of management is to recommend and, where appropriate, to execute the means necessary to achieve the outcomes (e.g., allocation of resources, determining which programs, classes, employees, facilities, materials, etc.).

#### **Policy GP #1: Governing Style**

The Board shall govern lawfully, observing the principles of good governance, with an emphasis on (a) goals rather than means, (b) encouragement of diversity in viewpoints, (c) governance more than administrative detail, (d) clear distinction of Board (through its officers and members) and EDP roles, (e) collective rather than individual decisions, and (f) pro-activity rather than reactivity.

- 1.1 The Board shall cultivate a sense of group responsibility among Trustees. The Board, not the management, shall be responsible for excellence in governing. The Board shall initiate governance policy, not merely react to management initiatives. The Board shall not use the expertise of individual Trustees to substitute for the judgment of the Board in any of its functions, although the expertise of individual Trustees may be used to enhance the Board's understanding as a body.
- 1.2 The Board shall direct and inspire PCHS through the careful establishment of broad written policies consistent with the Charter and reflecting PCHS and the Board's values and perspectives. The Board's major policy focus shall be on the intended long-term impacts outside the day-to-day operations of the school, and not on the administrative or programmatic means of attaining those effects (except in cases where means violate Board-established policy).

- 1.3 The Board shall enforce upon itself whatever discipline is needed to govern with excellence. Discipline shall apply to matters such as attendance, preparation for meetings, policy-making principles, respect of roles, and ensuring the continuance of governance capability. Although the Board can change its Governance Process Policies at any time, it shall scrupulously observe those currently in force.
- 1.4 Board development shall include training and orientation for both new and returning Board members regarding legal requirements and best practices for Board members, the PCHS Charter, the Board's Bylaws, and the Board's Governance Policies. The Board shall continue to discuss process policy improvements.
- 1.5 The Board shall allow no officer, individual, or committee of the Board to hinder or to serve as an excuse for not fulfilling the Board's group obligations. For instance, the Board may not blame its own failed performance on the flawed recommendation of a committee, manager, or individual Trustee.
- 1.6 The Board shall regularly monitor and discuss the Board's process and performance. Self-monitoring shall include comparison of Board activity and behavior to the Governance Process and Board - EDP Linkage Policies included within this document.
- 1.7 The Board shall actively encourage and seek the input and opinions of stakeholders as defined by the Charter on major issues and policies under consideration.

### **Policy GP #2: Board Roles and Responsibilities**

Specific roles and responsibilities of the Board ensure appropriate organizational performance as defined in Board Goals Policies.

- 2.1 Board Roles and Responsibilities include:
  - Linkage between the residents of the State of California and PCHS
  - Adopting written governance policies that address the broadest levels of all organizational decisions and situations
  - Using its best efforts to assure successful organizational performance
- 2.2 To accomplish its governance mission, the Board shall follow an annual agenda that (1) completes re-exploration of Goals Policies annually and (2) continually improves Board performance through Board education, input, and deliberation.
- 2.3 The Annual Agenda cycle shall conclude each year on the last day of June so that

administrative planning and budgeting can be based on accomplishing a one-year period of the Board's most recent statement of long-term Goals Policies.

- 2.4 The Annual Agenda cycle shall start with the Board's development of its agenda for the next year.
  - 2.4a Consultations with standing committees and stakeholder groups, and other methods of gaining public input, shall be determined and arranged as appropriate in sufficient time for the Annual Agenda to be discussed and adopted each September. Input will also be sought from standing committees at least quarterly regarding updates for agenda items.
  - 2.4b Review of the current Governance Policies shall be on the agenda during the first quarter (July through September) to enable the Board to make any modifications or amendments in a timely manner and to ensure compliance therewith.
- 2.5 The EDP's performance shall be reviewed annually by the Board according to the Goals Policies and the Executive Limitations Policies.
- 2.6 Generally speaking, Board meetings shall be governed by Robert's Rules of Order. (See Appendix)
- 2.7 The Board shall have legal counsel available at Board meetings when deemed appropriate by the Board's officers, based on the agenda items to be discussed.
- 2.8 If a Trustee believes there has been a violation of law, or that there is an imminent violation of law, that Trustee shall be entitled to seek the advice of PCHS's legal counsel on that topic, but if practical, the Trustee shall first discuss the matter with the Board Chair. In all other instances, the Trustee may seek the advice of PCHS's legal counsel only in conjunction with the Board Chair or with the Board's approval.

### **Policy GP #3: Board Chair Role and Responsibilities**

As noted here and in the PCHS bylaws, the Board Chair is a specifically empowered Trustee of the Board who ensures the integrity of the Board's processes and, occasionally, represents the Board to outside parties. Any action by the Chair is subject to review and modification or reversal by the Board.

- 3.1 The Chair's job is to serve as facilitator and guide to the Board. The Chair ensures that the Board acts consistently with its own rules and those legitimately imposed upon it from outside the organization. Related to this, the Chair shall:
  - Ensure the development and circulation of Board agendas in conjunction with Trustees and the EDP, consistent with the protocol listed below.
    - Preside over Board meetings

- Communicate with the Board’s legal counsel concerning legal issues that arise
  - Communicate with stakeholders and the public
  - Act as the primary point of Board contact with the press
  - In conjunction with the Board’s decision and/or legal counsel, address any reports that the Board or individual Trustee(s) are in violation of law or Board policies
- 3.1a The Chair shall work with the EDP and Board committees to ensure that issues that are not appropriate for Board purview are properly redirected.
- 3.1b The Chair shall preside over Board meetings guided by Robert’s Rules of Order.
- 3.1c: The Chair shall ensure that Board deliberation is fair, open, and thorough, but also timely, orderly, and to the point.
- 3.1d The Chair may represent the Board to outside parties in (a) announcing Board-stated positions and decisions, and (b) providing information on Board process and upcoming agendas.
- 3.1e The Chair shall put any lawful item on the agenda at the request of the EDP, given notice in accordance to agenda posting guidelines. The Chair shall put any lawful item on the agenda at the request of any two Trustees.
- 3.2 No approved Board policy may be changed without the approval of the Board. The Chair shall act as the primary liaison between the Board and the EDP.
- 3.3 The Chair may delegate his/her authority to the Vice-Chair when available, or when the Vice-Chair is not available, to any Board member, but remains accountable for its use. If the Chair perceives, or the Board determines, that the Chair has an actual or potential conflict of interest, the Chair shall delegate his or her authority to the Vice-Chair.

**Policy GP #4: Board Vice-Chair Role and Responsibilities**

As noted here and in the PCHS bylaws, the Vice-Chair of the Board is a specifically empowered Trustee of the Board who, in the absence of the Chair, presides at Board meetings and may assume other roles and functions of the Chair as directed by the Board. Further, the Vice-Chair supports and assists the Chair as needed. The Vice-Chair may not speak or act for the Board except when formally given such authority for specific and time-limited purposes.

**Policy GP #5: Board Secretary Role and Responsibilities**

As noted here and in the PCHS bylaws, the Board Secretary is an officer of the Board whose purpose is to ensure the integrity of the Board’s documents. The Secretary may not speak or act for the Board except when formally given such authority for specific and time-limited purposes.

- 5.1 The Secretary’s job is to ensure that all Board and Board committee documents and filings are accurate, timely, and adhere to legal requirements, including privacy and confidentiality; to ensure that all such documents are properly stored and accessible; and to inform the Board Chair if the documents are not in compliance.

Further, the Board Secretary shall ensure that:

- Governance Policies reflect the most current Board decisions
- Requirements for format, brevity, and accuracy of Board agenda and minutes are met
- Draft Board minutes are prepared in a timely manner for Board review, and approved at the following regular Board meeting

- 5.2 The authority of the Secretary includes access to and control over Board documents.

**Policy GP #6: Board Member Code of Conduct**

Trustees commit to ethical, professional, and lawful conduct, including proper use of authority and appropriate decorum when acting as Trustees.

- 6.1 Trustees must uphold the PCHS Charter and Bylaws and all other corporate documents.
- 6.2 To the best of their ability, Trustees shall communicate to the Board the interests, concerns, and priorities of the group they represent, but shall at all times make decisions based on the full findings of fact and the best interests of the residents of the State of California.
- 6.3 Trustees must not permit their stakeholder affiliation to interfere with their fiduciary duty to act in the best interests of PCHS as a whole.
- 6.4 Trustees must avoid conflicts of interest with respect to their fiduciary responsibility as further outlined in PCHS’s Conflict of Interest Code. In circumstances where the existence of a conflict of interest may be unclear, Trustees are encouraged to discuss the matter with the Board Chair or full Board in order to ensure that the Trustee fulfills his or her fiduciary responsibilities.

- 6.5 Trustees shall exercise the powers and duties of their office honestly and in good faith, and exercise the degree of care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances.
- 6.6 Trustees must not make personal promises or take private action that may compromise their performance or responsibilities as a Trustee.
- 6.7 Trustees must not attempt to exercise individual authority over the organization.
  - 6.7a Trustees' interaction with the EDP or with any other PCHS employee must recognize the lack of authority invested in individual Trustees, except when explicitly authorized by the Board.
  - 6.7b A Trustee's interaction with the public, the press, or any other entity must recognize the same limitation set forth above. Individual Trustees may not speak for the Board, except to repeat explicitly stated Board decisions.
- 6.8 Trustees shall maintain strict confidentiality of any confidential matters discussed in closed session. Any violation of this duty shall result in appropriate sanction, which may include immediate dismissal from the Board.
- 6.9 In recognition of the high standards, trust, and responsibility required of those who serve on the PCHS Board, Trustees (whether or not acting in their official capacity as a Trustee) shall be respectful, judicious, and prudent when communicating with other Trustees, PCHS stakeholders, and the public. Further, Trustees must adhere to the requirements of the Brown Act when communicating with other Trustees.
- 6.10 Trustees shall be properly prepared for Board deliberation.
- 6.11 Trustees shall support the legitimacy and authority of the final determination of the Board on any matter, without regard to the Trustee's personal position on the matter.
- 6.12 Trustees shall volunteer to participate on standing and ad hoc committees as necessary to fulfill the Board's obligations.
- 6.13 Trustees who violate "Policy GP #6: Board Member Code of Conduct" or their duties to PCHS are subject to appropriate sanction by the Board including, without limitation, private admonishment, public censure, or removal.

#### **GP #7: Board Committee**

Board committees shall take direction from and report to the Board.

- 7.1 Pursuant to the Charter, the Board shall consider the recommendations of, and in



some cases delegate decision-making authority to, its committees. Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes. Expectations and authority shall be carefully stated so as not to conflict with authority delegated to the EDP.

- 7.2 Unless the Board has delegated its authority to a committee in writing, Board committees may not exercise authority over the EDP, and even then shall not exercise authority directly over employees. Because the EDP works for the full Board, he or she shall not be required to obtain approval of a Board committee before an executive action unless the Board has delegated its authority to the committee.
- 7.3 It is recognized that, pursuant to the Charter, committees may, only in unique circumstances approved by the Board, make recommendations in areas under the purview of EDP for her/his consideration.
- 7.4 All Board committees that fall under the Brown Act must adhere to the requirements of the Act.
- 7.5 The Board shall periodically monitor its Standing Board Level Committees (SBLCs) including: Academic Accountability; Budget and Finance; Charter; Elections; and Post-Retirement Healthcare Benefits. Annually, the Board shall evaluate each SBLC's (1) effectiveness; and (2) determine whether the committee has fulfilled its purpose, roles, and responsibilities as defined in PCHS's Charter in "setting overall school-wide policies and goals, ensuring fiscal responsibility, and exercising compliance with law."

#### **GP # 8: Board Training and Development**

- 8.1 Board training shall be required annually to orient new members, as well as to maintain and increase existing members' skills and knowledge.
- 8.2 When deemed necessary, outside consultants may be retained by the Board.
- 8.3 In each fiscal year, costs may include, but shall not be limited to:
  - Training relating to governance, management, and leadership, including attending conferences, classes, and workshops
  - Audit and other third-party monitoring of organizational performance
  - Surveys, focus groups, opinion analyses, and meeting costs

## **Executive Limitations Policies**

### **Global Executive Limitations Policy**

The Executive Director / Principal (EDP) shall not cause or allow any practice, activity, decision, or organizational circumstance that is imprudent, unethical, or unlawful.

### **Policy EL #1: Treatment of Students and Their Families**

With respect to interactions with current or prospective students and their families, the EDP shall not cause or allow any condition, procedure, or decision that fails to provide appropriate confidentiality or privacy or is unsafe, undignified, unfair, unnecessarily intrusive, or unclear.

1.1 Accordingly, the EDP shall not:

- Use application forms that elicit information for which there is no clear necessity
- Use methods of collecting, reviewing, transmitting, or storing student information that fail to protect against improper access to the material elicited
- Maintain facilities that fail to provide a reasonable level of privacy, both visual and aural, when the circumstances create a reasonable expectation of such privacy
- Fail to establish with students and their families a clear understanding of what is expected and what is not acceptable from students at Palisades Charter High School (PCHS)
- Fail to establish written policies and procedures that are easily accessible to parents and students
- Discriminate against current or prospective parents or students for expressing an ethical dissent (reasoned disagreement as opposed to personal attacks)
- Fail to protect from retaliation any parent or student who wishes to address the Board of Trustees (Board), consistent with Board policies, when it is alleged that a Board policy has been violated to his or her detriment
- Fail to inform parents and students of this policy (EL#1), or to provide a grievance process to those who believe they have not been accorded a reasonable interpretation of their rights under this policy.

## **Policy EL #2: Treatment of Employees**

With respect to the treatment of paid and volunteer employees, the EDP shall not cause or allow conditions that are unfair, unsafe, undignified, or not transparent and shall not fail to provide appropriate confidentiality or privacy.

2.1 The EDP shall not:

- Operate without written personnel policies that clarify personnel rules for employees, provide for effective handling of grievances, and protect against wrongful conditions
- Operate without written job descriptions that clarify roles and responsibilities among individual employees
- Fail to monitor and respond immediately to discrimination against any employee who expresses an ethical dissent
- Prevent employees from expressing grievances to the Board when  
1) internal grievance procedures have been exhausted, and 2) the employee alleges either that a) Board policy has been violated to his or her detriment, or b) Board policy does not adequately protect his or her rights
- Fail to acquaint employees with their rights under this policy (EL#2).

## **Policy EL #3: Financial Planning and Budgeting**

The EDP shall not fail to adhere to the Board-approved financial plan for the year or the remaining part of any fiscal year. The budget must never put the school in financial jeopardy or deviate materially from the Board's goals or priorities. The EDP shall not expend more funds in the year-to-date than have been received in the year-to-date.

- 3.1 The EDP shall not fail to provide credible projections of revenue and expenses, separation of capital and operational items, cash flow, balance sheet, and the disclosure of planning assumptions.
- 3.2 Restricted Funds (not under the control of the EDP): The Board denies the EDP the right to use any long-term reserve.
- 3.3 Payables: The EDP shall not settle payroll or any other payable in an untimely manner, and shall not allow tax payment or filing, or other government required payment or filing, to be overdue or inaccurately filed.
- 3.4 Receivables: The EDP may not allow receivables to be unpursued after a reasonable grace period.

- 3.5 Required Approvals Agenda: The EDP shall not fail to provide evidence to the Board that all budget materials that the Board is required to approve are complete, accurate, and in compliance with applicable laws.
- 3.6 Owner Input into Budgets: The EDP shall not fail to provide community inspection and consultation of budgets.
- 3.7 The EDP shall not fail to submit for Board approval all arms-length contracts over \$30,000 and all non-arms-length contracts, independent of value. All non-arms-length transactions must be publicly disclosed. Contracts may not be broken apart in order to remain under the \$30,000 requirement, and any contract or group of related contracts in excess of \$10,000 shall be reported to the Board at its next meeting. The EDP shall not fail to submit for Board approval all budget transfers of sums from one sub-account to another in amounts over \$50,000 or where the transfer (in any amount) is not fully consistent with the policies and funding priorities set by the Board of Trustees. Any such transfer shall be reported to the Board at its next meeting. The EDP may not break apart transfers to remain under the \$50,000 limit. "Sub-account" shall mean the accounting level of detail submitted to the Board for its annual consideration and approval of the budget.
- 3.7a In the case of existing or anticipated litigation, the amount for contracts/agreements shall not exceed \$50,000; however, in time-sensitive situations and with the approval of the Risk Management Committee, the amount shall not exceed \$70,000. Any such agreement shall be reported to the Board at its next meeting.
- 3.8 The EDP shall not fail to ensure that monies or school resources that are designed for a specific program or use are not reallocated. Commingling of funds or "borrowing" of funds, or resources, between separate accounting entities is prohibited.
- 3.9 The EDP shall not allow a yearly budget to be created that contains insufficient information to enable a credible projection of revenues and expenses, separation of capital and operational items, cash flow, balance sheet, and disclosure of planning and assumptions.
- 3.9a The EDP shall not fail to provide the Board with adequate information, in a reasonable amount of time, to allow it to make an educated approval of the budget.
- 3.9b The EDP shall not fail to disclose to the Board all material information, as well as possible ramifications, on all key issues required for the Board to make an educated determination on the budget.
- 3.10 The EDP shall not fail to ensure that PCHS financials are posted to the

PCHS Web site in a timely manner.

- 3.11 The EDP shall not incur debt in an amount greater than can be repaid by certain, unencumbered revenue within sixty days.

**Policy EL #4: Actual Financial Condition and Activities**

With respect to the actual ongoing financial condition and activities, the EDP shall not cause or allow the development of financial jeopardy or a material deviation of actual expenditure from the Board-approved budget.

**Policy EL #5: Asset Protection**

The EDP shall not allow PCHS assets to be unprotected, inadequately maintained, or risked.

- 5.1 The EDP shall not:

- Fail to obtain insurance against theft and casualty losses to at least 80% of replacement value and against liability losses to Board members, employees, and the organization itself in an amount greater than the average for comparable organizations
- Fail to ensure that no financial instruments may be purchased, sold, or pledged with corporate assets that are not deemed prudent and conservative, unless specifically authorized by a Board vote. This restriction includes, but is not limited to, foreign currencies, derivatives, interest rate swaps, caps, floors, collars, swaptions, and forwards.
- Allow inadequately insured employees access to material amounts of funds
- Subject the PCHS physical plant or equipment to improper wear and tear or insufficient maintenance
- Expose PCHS, its Board, or its employees to liability
- Make or permit any purchase that would result in waste of PCHS resources or (1) wherein normally prudent protection has not been given against conflict of interest; (2) over \$10,000 (not previously budgeted) without having obtained comparative process and quality; or (3) over \$10,000 without a stringent method of assuring the balance of long-term quality and cost. Orders shall not be split to avoid these criteria.
- Fail to protect PCHS intellectual property, information, and files from loss or significant damage
- Expose PCHS to the risk of doing business with a failing institution. All financial banking relationships, including brokerage, must have assets over

\$100 million and be rated A by both Moody's and Standard & Poor's. Governmental agencies are exempt from this requirement.

- Receive, process, or disburse funds under controls that are insufficient to meet the Board-appointed auditor's standards
- Compromise the independence of the Board's audit or other external monitoring
- Invest or hold operating capital in insecure instruments, including uninsured accounts or bonds of less than AA rating, or in non-interest-bearing accounts, except when necessary to facilitate ease in operational transactions
- Endanger the organization's public image or credibility, particularly in ways that would hinder the accomplishment of its Goals
- Change the organization's name or substantially alter its identity in the community

**Policy EL #6: Investments**

The EDP shall not cause or allow investment strategies or decisions that pursue a high rate of return at the expense of safety or liquidity.

6.1 The EDP shall not allow:

- Purchase of foreign investments where principle and interest are paid in other than US dollars
- Purchases of fixed income instruments that are not readily marketable
- Expenditures of more than \$30,000 on the securities of any one corporate issuer
- An undiversified portfolio or diversification that deviates from an asset allocation heavily dominated by fixed-income securities
- Purchases of short-term investments that are not rated at least P-1 by Moody's or Standard and Poor's
- The use of brokerage houses not licensed by the National Association of Securities Dealers

### **Policy EL #7: Compensation and Benefits**

With respect to employment, compensation, and benefits to employees, consultants, contract workers, and volunteers, the EDP shall not cause or allow jeopardy to fiscal integrity or public image.

7.1 Accordingly, he or she may not:

- Change his or her own compensation and benefits
- Change the compensation and/or contract terms of any administrator or manager without Board approval
- Fail to provide the Board with comparable salary and benefits comparisons in a timely manner
- Promise or imply permanent or guaranteed employment
- Establish current compensation or benefits that deviate materially from the geographic or professional market for the skills employed
- Create compensation obligations over a longer term than revenues can be safely projected

### **Policy EL #8: Communication and Support to the Board**

The EDP shall not permit the Board to be uninformed or unsupported in its work.

8.1 Accordingly, he or she shall not:

- Neglect to submit data required by the Board in a timely, accurate, and understandable fashion, directly addressing provisions of Board policies being monitored
- Fail to submit data, meeting materials, and any additional information to the Board at least six days in advance of a Regular Board meeting, when possible, and as soon as practicable for a Special Board meeting
- Fail to provide written detailed monitoring data and additional information using Agenda Information Sheets provided by the Board
- Allow the Board to be unaware of relevant trends, financial or otherwise, anticipated adverse media coverage, or material external or internal changes, particularly changes in the assumptions upon which any Board policy has previously been established

- Fail to notify the Board immediately of any serious accusation, including from a whistleblower, against an employee, volunteer, or anyone else associated with the school
- Fail to notify the Board of litigation, pending litigation, or inquires of the Office of the Inspector General or other authorizer or governmental entity
- Fail to advise the Board if, in the EDP's opinion, the Board is not in compliance with its own policies on Governance Process and Board- EDP Linkage, particularly in the case of Board behavior that is detrimental to the working relationship between the Board and the EDP
- Fail to marshal for the Board the stakeholder and external points of view, issues, and options necessary for fully informed Board choices
- Fail to deal with the Board as a whole, except when fulfilling individual requests for information or responding to officers or committees duly charged by the Board
- Fail to report as soon as is practicable any actual or anticipated noncompliance with any Board policy
- Fail to supply for the agenda all items delegated to the EDP and required by law or contract to be Board-approved, along with the monitoring assurance pertaining thereto

**Policy EL #9: Hiring**

Absent Board approval, the EDP shall not allow the hiring of any individual for any position unless that person demonstrates that he or she possesses the minimum qualifications listed in the position announcement posted on the PCHS Web site and after all the background checks have been completed.

**Policy EL #10: Administration**

The EDP shall not fail to document all critical administrative job functions and deadlines.

- 10.1 Accordingly, the EDP shall not fail to ensure that detailed job descriptions are established for senior administrators, and that a Master Calendar is established for the school year setting forth all major deadlines and listing all major events.



## **Board - Executive Director / Principal Linkage Policies**

### **Global Board-EDP Linkage Policy**

The Board of Trustees (Board) shall direct and oversee Palisades Charter High School (PCHS) operations through the Executive Director/Principal (EDP).

### **Policy B-EDL#1: Board Chair and EDP**

- 1.1 Unless the Board Chair is an employee of the school, he or she shall usually lead the process for evaluating the EDP.
- 1.2 The Board Chair shall consult regularly with the EDP to anticipate and strategize about issues, concerns, and priorities.
- 1.3 The Board Chair shall be available to listen to the EDP's concerns as they emerge.

### **Policy B-EDL #2: Unity of Control**

Only decisions of the Board, or of a committee to which the Board has delegated its authority, are binding on the EDP.

- 2.1 Decisions or instructions of individual Board members, officers, or committees are not binding on the EDP except in rare instances when the Board has specifically authorized such exercise of authority.
- 2.2 In the case of a Trustee or Board Committee request that was not specifically authorized by the Board, the EDP may refuse any such request that the EDP believes would be disruptive to operations or require an unreasonable amount of employee time or funds.

### **Policy B-EDL #3: Accountability of the EDP**

The EDP is responsible for and accountable to the Board for all PCHS operations.

- 3.1 The Board shall not give instructions to persons who report directly or indirectly to the EDP.
- 3.2 The Board shall formally evaluate the EDP. All other senior administrators shall be formally evaluated by the EDP, who shall report the evaluations to the Board along with any recommended actions.
- 3.3 The Board shall review EDP performance as identical to organizational performance.

**Policy B-EDL #4: Delegation to the EDP**

The Board shall direct the EDP through written policies that prescribe the organizational goals to be achieved and describe organizational situations and actions to be avoided, allowing the EDP to exercise discretion in determining the means to realize the Board-stated goals and limitations.

- 4.1 The Board’s Executive Limitations Policies limit the latitude the EDP may exercise from the broadest, most general level, to more defined levels.
- 4.2 As long as the EDP exercises appropriate discretion in determining the means to realize the Board’s Goals and Executive Limitations Policies, the EDP is authorized to establish all practices and develop all activities of the organization.
- 4.3 The Board may change its Goals and Executive Limitations Policies.

**Policy B-EDL #5: Formal Monitoring EDP Performance**

The Board’s systematic monitoring of EDP job performance shall be in relation to EDP job outputs, including organizational accomplishment of Board Goals Policies, organizational operation within the boundaries established in Board policies on Executive Limitations, and any other criteria established by the Board.

- 5.1 The Board shall acquire formal monitoring information by one or more of three methods: a) by internal report, in which the EDP discloses compliance information to the Board; b) by external report, in which an external, non-interested third party selected by the Board assesses compliance with Board policies; and c) by direct Board inspection, in which a designated member or members of the Board assess compliance with the appropriate policy criteria.
- 5.2 The EDP shall be reviewed at least annually by a EDP Review Committee, which shall be comprised of six Board members, none of whom is an employee of the school. The committee’s recommendations shall be presented to the full Board for consideration. In the event that a non-interested party is not available, the Evaluation Committee shall continue to convene.
- 5.3 All policies that apply to the EDP shall be monitored according to the frequency indicated in the table below. The Board may monitor any policy at any time by any of the above-referenced methods, but shall depend on the routine schedule and method listed in the table.

**Schedule for Periodic Monitoring of EDP's Compliance with Policy:**

<b>Policy</b>	<b>Method</b>	<b>Frequency</b>
Treatment of Students and Their Families	Internal	Annually
Treatment of Faculty and Employees	Internal	Annually
Financial Planning and Budgeting	Internal	Quarterly
Financial Condition and Activities	Internal External	Quarterly Annually
Emergency Management Succession	Internal	As needed, but not less than annually
Compensation and Benefits	Internal External	Annually Annually
Communication and Support	Direct Inspection	Annually
Asset Protection	Internal	Annually
Ends Focus of Grants or Contracts	Internal	Annually
Hiring	Internal	Annually
Achievement of Goals Policies	Internal	Annually
Strengthen of Financial Institutions	External	Annually

# **Goals Policies**

## **Global Goals Policies**

Palisades Charter High School (PCHS) envisions itself as a national model of a rigorous college-preparatory educational program serving a diverse student population. In a safe, supportive, and healthy environment, the diverse students of PCHS shall receive excellent instruction that shall deliver a comprehensive rigorous education that shall enable them to become inquiring, productive, and ethical members of society. This education shall be delivered at a per-student operating cost and administrative expense through practices that ensure long-term stability. In all actions the school undertakes, from hiring practices to teaching, counseling, and programming; and from shaping the organizational structure to allocating resources; pupils' needs are paramount.

## **Goals Policy #1**

The goal of a comprehensive rigorous education recognizes that all students can learn and achieve. As part of a four-year academic plan, all students shall have access to a program of study that shall qualify them for entry into a collegiate institution or post-secondary career opportunities. A comprehensive education shall also address the emotional, physical, and creative needs of the student through access to a broad, co-curricular program. As part of this education, each student, in consultation with his/her counseling team shall develop an academic plan beginning the student's first year at PCHS. This plan shall be updated annually.

- 1.1 All students shall have access to qualify for Honors and AP classes to ensure a rigorous curriculum and eligibility for a four-year university. Enrichment opportunities shall be provided to enable a larger group of students to be successful in Honors and AP classes.
- 1.2 A comprehensive curriculum shall be updated periodically to reflect the needs of our diverse students and to respond to changes in technology and emerging fields of study.
- 1.3 PCHS shall increase the number of graduating seniors who are eligible to attend the California State University or University of California.

## **Goals Policy #2**

PCHS shall continue to achieve continuous educational improvement. It shall achieve the quantifiable API, AYP, and other goals as set forth in its Charter in the timeframes designated. It shall set annual goals for measures of educational achievement. These goals shall be for the school as a whole and for various subgroups.

## **Goals Policy #3**

Excellent instruction means that excellent teachers are appropriately recognized, that teachers are adequately supported and given the resources necessary to deliver an excellent education to students, that teachers who need to improve are given the tools to improve quickly, and that appropriate action is taken with regard to teachers who need to improve, but fail to do so.

#### **Goals Policy #4**

A supportive environment means that PCHS puts students first. The school's instructional, budget, policy, human resources, and program decisions all revolve around student needs. Programs and systems shall be place to encourage student learning, review outcomes, and provide assistance as necessary for student success.

- 4.1 Supporting student achievement means expectations are clear, teachers are highly qualified, counselors, administrators and support employees are pro-active, and communication is regular and ongoing between school and home.
- 4.2 Supporting student achievement also includes incorporating differentiation of instruction into the classroom, personalization, and using a variety of learning methods, including innovative technology and resources.

#### **Goals Policy #5**

Students shall gain knowledge and skills to become inquiring, productive, and ethical members of society. PCHS shall foster a culture of intellectual curiosity, ethical decision-making, honesty, and integrity. Students shall be taught the art of questioning and logical and critical thinking to achieve this goal.

#### **Goals Policy #6**

As per the Charter, PCHS is committed to educating a diverse student body, taking into account ethnic and cultural demographics.

#### **Goals Policy #7**

Education at PCHS requires operating efficiently and providing sufficient funding to meet educational goals. By planning over a 3-5 year horizon, PCHS shall maintain the financial capability and reserves to withstand short-term funding shortfalls without compromising the Goals Policies.

# **Governance Policies Appendix**

## **The Basics of Robert's Rules of Order**

### **Preamble**

The complete Robert's Rules of Order has many nuances. However most are not used in day to day business. The basic rules listed below provide a framework for ensuring orderly debate in almost all circumstances.

The purpose of the Rules is to ensure a fair debate that ultimately moves forward to a resolution. Not everyone may agree with the decision, but everyone ought to agree that the decision was arrived at fairly, and without taking up too much time. And, at the end, no one should hate anyone. Some have said that the point of the Rules is to allow the majority to do what it wants (consistent with its chartering documents), but to allow the minority to insist on a deliberative process.

Ultimately, it is up to the Board to enforce its own rules, and it is any Board's duty to ensure that its business is conducted in a fair, orderly, and professional manner. Although the chair has substantial ability to ensure that this is done, ultimately, it is the Board's job and responsibility, not the chair's, to enforce the rules and discipline itself. This means that the members must be willing to take on a chair that is not enforcing the rules to the detriment of the organization.

A quick note on the role of a Parliamentarian - Where all members of an organization are familiar with the Rules and the members are all friendly with one another, a Parliamentarian is not really needed, as the chair will abide the rules and the organization will override the chair if the chair fails to do so. However, where an organization is unfamiliar with the rules or there is a level of distrust, a Parliamentarian serves a useful purpose. First, the Parliamentarian can advise the chair and the organization on what is allowed and what is not so as to avoid confusion. Second, and sometimes more importantly, the Parliamentarian is generally accepted by all as a neutral person who will enforce the rules neutrally. This will disarm what otherwise might be an accusation that the chair or the majority is engaging in improper behavior or not allowing a fair debate. It is worth noting that generally speaking, a Parliamentarian can only advise. The Parliamentarian does not actually decide, for example, whether or not a point of order is well taken; the chair does that in the first instance subject to an appeal to the Board.

With those preliminary thoughts in mind, here are the basics of Robert's Rules.

### **1. Conduct of the Meeting**

**The Agenda.** The meeting proceeds per the agenda. The Board can re-arrange the order of items on the agenda by majority vote, but not when a motion is pending. If a member attempts to take up a matter that is not appropriate to the agenda, any member can call for the "Orders of the Day" and request that the chair deem the comment out of order. Such a call can

be made even while someone else is speaking, but it is not subject to debate or explanation. If the chair agrees, then the agenda is enforced, and the person speaking will either have to relinquish the floor or confine the remarks to the matter before the Board.

Neutrality of the Chair. The chair is to retain his or her neutrality. In fact, the Rules suggest (but do not require) that the Chair not vote unless the vote would make a difference in the outcome in order to retain neutrality.

Civility of Debate and Discussion. Debate is civil at all times. Personal attacks are inappropriate, and comments are directed to the chair, not to other members unless it is to pose or answer a question.

General Rules and Suspending the Rules. Typically, the majority can do anything it wants if it does so properly, and it can suspend the Rules (including Robert's Rules) by way of a motion to "Suspend the Rules." Such a motion allows debate to proceed in an orderly but less formal fashion.

## 2. Discussion items

When an item is being taken up but no action is required or requested, typically the Board will hear the report and then ask questions or comment on it. However, no motion is appropriate in such a case as no action is being requested. It is not typical to "move" to accept the report unless doing so has some significance.

## 3. Action items/Motions

Debate typically begins with a person obtaining recognition from the chair and making a motion. For example "I move that we adopt the Committee's proposed guidelines."

The motion itself must be made when no other motion is pending, it must be consistent with the order of the agenda unless that order has been altered, and it cannot be accompanied by debate. Thus, it is generally inappropriate for a person to explain at length why a particular action is a good idea, and then move that the action be taken.

Immediately upon making the motion, the person so moving must be seated. No debate is allowed. The chair will then ask for a second. If there is no second, then the motion "dies" for "want of a second" without any debate whatsoever.

A person seconding the motion is not allowed to debate the issue at that time. Rather, the person is limited to saying "I second the motion."

At that point, the chair will traditionally re-state the motion and ask if the Board is ready for the motion (although in modern procedure, the chair does not typically ask the question, but rather merely states the motion), which is a signal that the floor is open for debate, and also to make sure that everyone understands what the motion is. If the chair misstates the motion, the moving member can correct the chair.

At any point up to the time that the chair re-states the motion, the moving person may amend the motion unilaterally. If there is such a change, the person who seconded the motion may withdraw the second, but a different member may then second the modified motion. Once the chair has re-stated the motion, no unilateral amendments are allowed.

Typically, the moving member is given the right to open the debate.

The chair typically will call on members to debate in the following manner. If the chair can ascertain a speaker's position on the question, the chair should endeavor to alternate pro and con. No one speaks a second time until everyone who wants to speak has spoken once. No one is allowed to speak more than twice on the motion (although this rule is generally relaxed in small groups). If people are allowed to speak more than twice, it is typical for the chair not to allow anyone to speak for a third time until everyone who wants to speak has spoken twice, and so forth.

The chair typically does not participate in the debate other than to recognize speakers or rule on procedural questions. However, in a group like this, it is not unusual for the chair to have a position and want to contribute to the debate. One tactic that is often used is for the chair to "pass the gavel" to the person sitting next to the chair, who will "chair" the meeting while the chair expresses his or her position, after which the chair will resume the gavel. That formality is not required -- it is really more for show than for anything else. However, the chair is bound by the protocol set forth above in terms of recognizing himself or herself.

When no one wants to continue debate, the chair can ask if the Board is ready to vote. If there is no objection, then the vote will occur. If there is an objection, then debate continues.

If someone believes that the debate should end, that person, upon being recognized by the chair, can "move the previous question." Moving the previous question means that debate should end and a vote should be taken. Moving the previous question requires a second, and cannot be debated. The person moving the question cannot speak to the motion and then move the question, thereby taking the last word. Instead, someone who moves the question must do only that.

If the previous question is moved and seconded, then the chair will ask immediately if the Board wants to end debate. There is no discussion on the point. Rather, the chair will call for a vote on moving the previous question. If 2/3 of those voting vote in favor of moving the previous question, debate ends and the Board will proceed to vote on the motion (or the amendment to the motion if an amendment is before the Board). If less than 2/3 of those voting are in favor of moving the previous question, debate continues.

Absent unusual circumstances, a motion will pass by a majority of those voting.

#### 4. Conduct of Debate

If the chair believes that a person is off topic, the chair can gently so state or can rule the speaker out of order. If the speaker disagrees, the speaker can appeal the chair's ruling to the



Board, which will vote (without debate) on whether the speaker can continue speaking.

If a member believes that the speaker is out of order, the member can interrupt and make a “Point of Order,” so stating. The chair rules on the point of order, but that ruling can be appealed to the Board. A speaker can be out of order because the speaker is off topic, or because the speaker is engaging in inappropriate debate, such as making derogatory comments about others.

A member can interrupt a speaker to request permission to ask a question, also known as a “Point of Information.” It is up to the speaker whether to allow the question or not. If the question is allowed, it should not be a disguised debate, but rather a straightforward question.

## 5. Amendments

There is technically no such thing as a “friendly amendment” once debate has opened. That said, where it is clear that there will be no objection from anyone to the proposed amendment, it is faster just to accept the amendment without formality.

An amendment is similar to a motion in that it is made by a member on being recognized by the chair, and is made without debate. An amendment requires a second. If an amendment is proposed and seconded, the person proposing the amendment is usually given the right to speak first.

Once an amendment is on the floor, debate should center on the amendment rather than the main motion.

The amendment must be germane to the motion, although it can vary the substance of the motion, or even be contrary to the motion. For example, if the motion is to approve the Guidelines, it would be inappropriate to amend the motion so that the amended motion would be to give the EDP a raise. Similarly, it is generally inappropriate to amend the motion simply to state its converse. For example, if the motion is to approve the Guidelines, it would not be appropriate to amend the motion to state that the Board “not” approve” the Guidelines, as that is simply the same thing as defeating the motion. However, it would be appropriate to amend the motion by changing the proposed Guidelines dramatically.

Although Robert’s Rules allows amending the amendment, (but not amending the amendment to the amendment,) this can get too confusing. Accordingly, it is suggested that people not amend the amendment.

Debate on amendments is governed by the same rules as debate on the main motion, including moving the previous question.

Eventually, the Board will vote on the amendment. If the amendment passes, then the motion, as amended, is before the Board, and debate resumes on the main motion. If the motion fails, then the original motion remains before the Board.

Amendment after amendment can be proposed. There is no limit set forth in the Rules.

## 6. Other Ways to End Debate or Dispose of a Motion

In addition to voting up or down on the motion, the Board can take other actions.

Tabling. The Board can “table” a motion. Doing so essentially puts the motion in limbo until such time (if ever) that the Board “Takes the Motion from the Table.” It is typically used as a way of defeating a motion without actually voting it down, but it is also often used as a way of delaying resolution of a motion until more information can be had or until the Board has adequate time to consider the motion but without setting forth a particular time when the motion will be taken up again. Tabling a motion is made in the same way as moving the previous question. That is, a member is recognized, and then moves to table the motion. That member is not to debate the merits of the motion (or tabling it) when making the tabling motion. The motion to table requires a second. No debate is appropriate on a motion to table, and the motion carries by a simple majority of those voting. If a motion is tabled, then the Board would move on to the next agenda item.

Postponing to a Time Certain. This is like tabling a motion, and it requires a second. There are two major differences, however. The first is that there is a time attached to this form of the tabling motion that determines when the Board will continue its consideration of the motion. The motion is automatically placed on the agenda at the appointed time if this motion carries. The second major difference is that debate is allowed on the motion to postpone to a time certain, and the motion to postpone to a time certain can be amended to reflect a different time for taking up the motion. Often, the debate focuses on when the time will be to take up the motion again, but it need not be limited to that. (This is different than a motion to “Postpone indefinitely” which can be debated, but not amended. Postponing indefinitely is a procedural way to kill a motion without actually having to vote it down. This does not seem appropriate for the PCHS Board.)

Referring to Committee. Where the Board believes that further investigation is appropriate, it can refer the matter to a Committee. This motion is made in the same manner as a motion to postpone to a time certain, and again, only requires a simple majority to pass and can be amended. The matter is then referred to the designated Committee, which will, at an appropriate time, report back to the Board with its recommendation. This motion does not vest the Committee with the power to adopt or reject the motion, but rather only vests the Committee with the authority to consider the motion and make a recommendation back to the full Board. The Motion of Referral can also specify the time when the matter will be brought back to the Board from the Committee. A motion to refer can be debated.

Adjourn. A motion to adjourn is always in order, even while another motion is pending. It, too, is made without debate, and it requires only a simple majority to pass.

Recess. A motion to recess is a motion to take a break in the meeting. This does not end debate on the motion, as when the meeting reconvenes, you take up where you left off. However, it is often used to allow tempers to calm.

## 7. Motion for Reconsideration

If a motion carries and someone in the majority thinks better of their vote, they may move to reconsider. That motion requires a second, and it can only be made by someone in the majority. It must be made on the same day as the motion being reconsidered was passed. The motion is subject to debate to the same extent as was the matter being potentially reconsidered. (For example, if a main motion is potentially being reconsidered, then the motion to reconsider may be debated. If a motion to table is being reconsidered, then there is no debate.) If the motion passes, then the prior vote becomes a nullity, and debate on the motion being reconsidered continues as if no vote had occurred.

\*Many thanks are due Mark Epstein for developing these simplified Rules

## **PCHS Board of Trustees Glossary**

<b>ADA</b>	Average Daily Attendance
<b>BSU</b>	Black Students Union
<b>CAASPP</b>	California Academic Assessment of Student Performance and Progress
<b>CBO</b>	Chief Business Officer
<b>CDE</b>	California Department of Education
<b>CharterSafe</b>	Current provider of general and workers' compensation insurance
<b>CSD</b>	Charter School Division of LAUSD
<b>CTE</b>	Career Technical Education
<b>EDP</b>	Executive Director/Principal
<b>EL</b>	English Learner
<b>IEP</b>	Individualized Education Plan
<b>IMA</b>	Instructional Material Allowance
<b>L-CAP</b>	Local Control Accountability Plan
<b>LCFF</b>	Local Control Funding Formula
<b>LEA</b>	Local Education Agency
<b>LSU</b>	Latino Students Union
<b>LTSP</b>	Long Term Strategic Plan
<b>MESA</b>	Mathematics, Engineering and Science Achievement
<b>PERS</b>	Public Employees' Retirement System
<b>PIQE</b>	Parent Involvement for Quality Education\
<b>PLC</b>	Professional Learning Community
<b>SARC</b>	School Accountability Report Card
<b>STRS</b>	State Teachers Retirement System
<b>Uniserve</b>	Current janitorial services contractor
<b>VAPA</b>	Visual and Performing Arts
<b>WASC</b>	Western Association of Schools and Colleges



# PALISADES CHARTER HIGH SCHOOL

*Empowering Educational Excellence.*

## Section 4

- Seven Principles of Good Charter School Governance
- Don't Confuse Good Intentions
- Seven Practices of Sound Fiscal Management

# LET'S DO THE NUMBERS: SEVEN PRACTICES FOR SOUND FISCAL MANAGEMENT OF CHARTER SCHOOLS

by

Brian L. Carpenter  
*Executive Director*

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## Overview

A colleague and friend who is a charter school authorizer, Jim Goenner, executive director of the Charter Schools Office at Central Michigan University, says, “There are two main considerations for authorizers at the end of the day: ‘Are students learning, and has the money been taken care of?’” (NACSA, 2003, p. 63). Both considerations are critical to the success of your school and to the success of charter schools as desirable public policy.

Yet the business aspect of education is one that some school leaders and board members shy away from. This must be remedied since charter school boards owe it to the public on whose behalf they govern, to exercise good internal controls coupled with proper financial reporting and other oversight practices. This paper is intended to help boards understand how to establish the basics for ensuring “the money is being taken care of.”

A high-profile example of the money *not* being taken care of occurred in the 2004 failure of California Charter Academy. As “a for-profit education management company then undergoing several investigations into its finances and operations, [it] closed more than 60 California campuses serving almost 10,000 students” (Lake & Hill, 2005, p. 43).

Fortunately, as Robin J. Lake and Paul T. Hill note in their excellent report, *Hopes, Fears, & Reality: A Balanced Look at American Charter Schools in 2005*, “In part, because of the efforts of the California Charter Schools Association, every student displaced by the CCA’s failure found a new school

without instructional disruption” (p. 43).

Nevertheless, coverage in the *New York Times* (2005) and other news media, did not help the charter school cause. Lake and Hill stated “The event crystallized concerns about charter school oversight and accountability ... ” (p. 43). And while “The story is about an unscrupulous business enriching itself at public expense ... ” (p. 43), one may be forgiven for wondering what the boards of CCA’s schools were doing. Did they require and receive regular financial reporting? Did the boards have good internal controls? Did they have their own auditor? How many red flags were missed?

If such questions sound overly vigilant, I can attest from firsthand experience what happens when a board doesn’t ask them. As a board member of a not-for-profit agency several years ago, it was distressing to discover that the executive director had imperiled the existence of the organization by embezzling money. As a current charter school board member, I use what I learned from that experience about sound fiscal management to govern effectively. I’ve written this brief to help others as well.

Thankfully, the majority of charter school leaders and education service providers are honest. But good internal controls and accountability are necessary to validate their honesty. This paper discusses several ways to implement and monitor such controls, as well as other sound fiscal management procedures. The references at the conclusion of the paper contain additional recommended reading.



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“The first and foremost element of sound fiscal management that every board should understand is that *it* is ultimately responsible for the school’s finances.”

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## Introduction

The benefits of sound fiscal management of charter schools are numerous. Among them:

- The board is able to assure its constituencies that it is properly fulfilling its role.
- The school has little difficulty in passing audits which is invaluable when it comes to grant-seeking and borrowing.
- The public’s money is being used only for that which it was intended.

Best of all, student achievement is unhindered by school exigencies and the charter movement as a credible reform effort isn’t tarnished by negligence or bad actors.

The first and foremost element of sound fiscal management that every board should understand is that *it* is ultimately responsible for the school’s finances. Even in schools where the board has contracted the management of the school, *the board is still ultimately responsible for the school’s finances* (see more on this on p. 7).

This is a serious responsibility, indeed the very viability of the school hangs in the balance. Yet most board members are not accountants, financial managers or investment bankers. If financial reports are presented, many boards have trouble understanding them.

So how is a board supposed to hold the school’s leadership accountable for proper fiscal management? The answer is in the following seven practices which will be discussed in this paper:

1. Establishing internal controls (through policy)
2. Monitoring compliance with

fiscal policies

3. Developing financial reporting interpretation skills
4. Developing accurate budgets
5. Recognizing red flags
6. Minimizing risk
7. Hiring *its own* independent auditor

By adhering to these seven practices, a charter school can make large strides toward sound fiscal management. In contrast, ignoring even one or two practices puts the school at unnecessary risk.

The good news: These practices don’t necessitate every board member becoming an auditor or accounting wiz-bang. They are simply proven business practices that help the board do its job of ensuring financial accountability.

One final note here. It is possible that in its zeal to ensure proper fiscal accountability, a board can overlook its other primary responsibility which is to ensure that its students are learning. If a board is spending 50 percent of every meeting reviewing financial statements, it isn’t devoting sufficient time to its mission. Besides ensuring proper fiscal accountability, the seven practices discussed in this paper should actually minimize the amount of time the board spends discussing finances.

The board’s responsibility to require reasonable assurances that the school’s finances are being properly handled should not diminish its focus on why the school is in business.

At the end of the day, sound fiscal management is only a means of getting to an end. It should never be confused with the end purpose of charter schools—to produce student achievement.



## Practice #1 Establishing Internal Controls (Through Policy)

An effective board governs through policy (Carver, 1997). It does this by establishing sensible policies and then by monitoring compliance with those policies on a regular basis.

A key governing responsibility is to prevent fraud by establishing internal fiscal controls. In the policy context, controls are nothing more than limitations. Thus, through policy, the board limits what the management of the school is free to do with the school's money and assets.

To be sure, there is no foolproof method of protecting an organization from fraud. But that doesn't mean that the board can't stipulate internal controls to reduce those risks. Let's discuss a few examples.

An easy step to take in any charter school is what auditors call "segregation of duties." This means establishing policies that prevent only one or two people, such as the bookkeeper or business manager, from having total or near total control of the finances.

A business office with properly segregated duties for example, will not permit the same person who makes the journal entries to reconcile the bank statement. Why? Because the bank statement will reveal the actual activity of the school's account. If a different person reconciles the account, this places another set of eyes on the school's finances and it inhibits any one individual from falsifying

the books to match the bank statement.

Further, the person who maintains the school's books should not have the authority to enter new vendors or employees into the software. (Good accounting software allows a system administrator to determine who may perform certain functions like creating a new vendor.) By separating the functions of keeping the books from creating new payees, a person is prevented from manufacturing faulty invoices or entering bogus employees in order to cut checks that they themselves will later cash. Another easy way to avoid false invoices is to have every person who orders a service or product, sign and date the invoice as having received it before processing for payment.

Sometimes in small schools, it can be difficult to segregate some of these duties because the business office consists of just one person. Still, it is a good practice to spread some of these duties around. At a minimum, if it is necessary to have the bookkeeper reconcile the monthly bank statement, a copy of the bank statement can also be sent to a board member's home or work address directly from the bank itself.

This is by no means an exhaustive list of segregating duties. The board can and should talk to its accountant or auditor for further recommendations. The key point here is for boards to recognize that they need policies establishing such controls. Without them, an ill-intentioned individual has a completely free hand to defraud the organization with little risk of being caught until it's too late.

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“To be sure, there is no foolproof method of protecting an organization from fraud. But that doesn't mean that the board can't stipulate internal controls to reduce those risks.”

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“I think it was  
Ronald Reagan  
who said,  
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That’s pretty good  
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compliance with  
fiscal policies in  
charter schools.”

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## Practice #2 Monitoring Compliance with Fiscal Policies

Some board members assume that establishing good policy is all that is necessary to ensure sound fiscal management. This is a mistake of potentially huge proportions. The board must rigorously monitor the organization to ensure that its policies are being followed. This oversight function is one of the primary purposes of the board.

As the world’s leading authorities on Policy Governance,<sup>©</sup> John and Miriam Carver note in one of their several outstanding books, *Reinventing Your Board*:

The board will acquire monitoring data by one or more of three methods: (a) by internal report, in which the CEO discloses compliance information to the board, (b) by external report, in which an external disinterested third party selected by the board assesses compliance with board policies, and (c) by direct inspection, in which a designated member or members of the board assess compliance with the appropriate policy criteria” (1997, p. 124).

Each of these is briefly elaborated upon below.

CEO disclosure can be utilized by the board for compliance in several ways. He or she could, for example, certify *in writing* that the accounting duties have been segregated. Regular financial statements should be another part of the disclosure required by the board.

External reports include things like having an auditor or other expert examine school documents and practices for compliance.

Direct inspection by a board member can work if the board

member tasked with the responsibility of reporting his or her findings to the board is knowledgeable and reliable. (A key point about direct inspection: Tightly limit the authority of the board member doing the inspecting so that he or she isn’t in a position to give directions to the CEO. Only the board as a whole should do that.)

How much monitoring should a board do? Enough to be reasonably certain that its fiscal policies are being followed.

A final word of caution is in order. In some schools, where the CEO is the founder for example, the board may be reluctant to ask too many questions about finances. Founder or not, a competent and honest CEO will expect the board to provide appropriate oversight because he or she knows that such oversight keeps him or her, the school, and the board above reproach.

I think it was Ronald Reagan who said, “Trust but verify.” That’s pretty good advice when it comes to monitoring compliance with fiscal policies in charter schools.

## Practice #3 Developing Financial Reporting Interpretation Skills

Εάν δεν μπορείτε να καταλάβετε τις οικονομικές εκθέσεις, μπορούν επίσης να γραφτούν στα ελληνικά. (If you can’t understand financial reports, they may as well be written in Greek.)

Every board member should develop the ability to understand four financial reports:



1. Balance sheet
2. Income and expense statement
3. Budget vs. actual expenses
4. Cash flow projection

Unfortunately limited space in this paper precludes an extended discussion of how to interpret these reports. Instead, let me make the following points.

First, the board should require these reports to be submitted on a regular basis. Failure to receive these four reports on at least a quarterly basis is dangerous.

Second, the board should develop the skills needed to interpret financials. It is legitimate for the board to authorize reasonable expenditures for training or materials to help it acquire these skills.

Third, just because financial statements are presented, it doesn't mean the board is obligated to adopt them. The board should never adopt any financial statement until it is 100 percent comfortable with its accuracy and its meaning.

Finally, resist the temptation to defer to any one board member the responsibility for monitoring and understanding financial statements. The entire board should develop at least basic financial interpretation skills.

## Practice #4 Developing Accurate Budgets

A budget is a plan to spend. A board-adopted budget is required of charter schools by most if not all state laws. Even if it weren't, a budget is essential to sound management because a budget is more than a way to track revenue and

expense: It should reflect the school's mission priorities.

If the school, for example, has technological education as part of its mission, the budget should reflect significant expenditures on technology. If the school is college preparatory, one might question a budget that contains expenses for lawnmower repair classes.

Furthermore, effective annual budgeting is part of a larger forecasting process. A good budget should be part of a bigger picture. Three years is a good look-ahead window for school budgeting.

Once the budget is in place, spending should follow the plan. The board should require an approval process when there are variances to the budget.

The guidelines in the preceding three paragraphs on developing accurate budgets can be summarized as follows:

1. The mission of the school should drive the budget.
2. The annual budget should be part of a multi-year plan.
3. Budget variances will occur but they should be approved by the board.

Finally, when it comes to developing accurate budgets, it's helpful to remember that a budget is more like a guided missile than a bomb. A bomb lands wherever it was dropped. A guided missile makes many on-board calculations and adjustments *while in flight* in order to hit its intended target.

In the same way, your budget will require adjustments, especially in the early years of the school as you accumulate spending and revenue data.

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“a budget is more than a way to track revenue and expense: It should reflect the school's mission priorities.”

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“it's helpful to remember that a budget is more like a guided missile than a bomb. A bomb lands wherever it was dropped. A guided missile makes many on-board calculations and adjustments *while in flight* in order to hit its intended target.”

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## Practice #5 Recognizing Red Flags

The following list of things are potential indicators that everything may not be well with your school's finances. While they don't necessarily indicate fraud or incompetence, they should serve as red flags for the board to probe the issue further:

1. A CEO who appears offended or expresses dismay (e.g., "Don't you trust me?") when board members ask questions about the school's finances.
2. Irregularity in receiving required financial reports. Excuses like, "We're getting new computers or new software" may be valid once in a blue moon but not every meeting.
3. Non-existence or violation of segregation of duties policies.
4. A sole bookkeeper who works for years without a vacation or who is resistant to opening up the books to others.
5. A CEO who cannot give crystal clear explanations to board questions about *every* aspect of the school's finances.
6. An auditor who is not completely independent of the management (for example, an auditor who audits multiple schools for the same management company).
7. Financial contributors to the school who are anonymous to the board. Otherwise, how would the board know the amount actually contributed?
8. Peculiar practices like the CEO requiring all mail, including bank statements, to be placed on his or her desk unopened.

If these red flags sound theoretical—they're not. Almost every one of them occurred in the embezzlement scenario which I described on page one.

Ask your auditor about red flags. On the basis of their experience, auditors can usually give many more examples.

## Practice #6 Minimizing Risk

There are many things a board can do to minimize risk to itself and the school.

1. If school credit cards are issued to employees, never issue any without limits placed on the card at the bank's end.
2. Never sign any authorization to establish a bank account for the school without copying the front and back of the signature card and placing it in the official minutes of the school.
3. Rather than issuing school cell phones to employees, consider a flat-rate monthly stipend.
4. Take extra precaution to ensure that the board's director and officer liability insurance policy is always up-to-date.
5. Never sign a check for the school without clear supporting documentation.
6. Request the school's bank to always send out two copies of the bank statement. One to the school and one to a board member (at his or her residence or place of business).

Most of these are just smart practices. While there is no such thing as zero risk, these are *easy* things the board can do to minimize risk.



## Practice #7

### Hiring *Its Own* Independent Auditor

One of the fundamental issues of board leadership is in understanding that the board governs in behalf of an owner (Carpenter, 2006; Carver, 1997).

Sometimes in the charter school sector, however, the ownership issue can seem unclear. Consider the following example: Anytown Charter School operates in a building which was built by the education service provider, and all the teachers and the principal are employed by the same company. The same provider owns the curriculum, the chalkboards and the computers. So, who owns the school?

Answer: The public owns the school. Granted, the management company may own the building, etc., but they do not own the school. Worded slightly differently, the public supplies the funds *to the board* to operate the school on its behalf. Under appropriate state law, the board may choose to contract some or all of its operations to a management company but it cannot contract its fiduciary responsibility to provide oversight of a management company.

For this reason, the board should retain its own auditor for the school's annual audit. (I strongly recommend an annual audit, not merely a compilation or review of the school's finances.) And like every other aspect of the school, the board should understand clearly that the auditor is working for them—not for the management of the school.

Furthermore, the auditor hired by the board should certify to the

board in writing that he or she does not have any financial interest in the performance of the management company. For example, I recommend that boards not use an auditor that performs other audits for a particular service provider.

Using a completely neutral third party is imperative in the auditing process so that the board is assured that any issues raised by the auditor are not minimized or excluded in his or her report to the board.

It also helps to build a relationship with a reputable auditor. The board may from time to time during the course of the year, have questions that they would like an outside expert to answer. Being able to tap the knowledge of the board's auditor can be a good way to acquire that knowledge.

A final word about auditors themselves. Like any other service provider, not all of them charge the same level of fees or perform at the same level of expertise. The board should be sure to check references and only retain an auditor that does a thorough, timely job. While such services aren't cheap, in the long run the board will have taken reasonable steps to ensure the fiscal propriety of the school. You will probably find that, like all other services, you get what you pay for.

Besides ensuring fiscal soundness in your school, an annual audit helps enable the school to pursue foundation grants and bank loans. This is because such organizations whose job it is to deal with money expect to understand the fiscal soundness of their prospective clients. Should you expect any less as a charter school board member?

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“Using a completely neutral third party is imperative in the auditing process so that the board is assured that any issues raised by the auditor are not minimized or excluded in his or her report to the board.”

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## In Conclusion

The two fundamental responsibilities of every charter school board are to ensure that the students are achieving what they should and that the funds which are entrusted to the school by the public are being properly handled. When the board fails to do either or both of these, it jeopardizes the existence of the school and brings the broader movement into disrepute (p. 1).

To accomplish sound fiscal management, the board should first understand that it is ultimately responsible for the school, even if it contracts with an education service provider or management company for various services (p. 2).

The board needs sound fiscal internal controls established by policy (p. 3), and it needs to regularly monitor compliance with those policies (p. 4).

The key to understanding internal controls is to understand their purpose: to prevent an individual from having *both* the opportunity to perpetrate wrongdoing with school funds and to subsequently conceal it. Failure by the board to establish such controls is a failure to exercise its basic fiduciary responsibility.

Part of the monitoring process involves reading and understanding regular financial reporting. If a board does not receive regular reports or it does not understand what they mean, it cannot properly monitor the school's finances. For most boards to perform this most important role, it will necessitate funding some training to acquire these skills (pp. 4-5). Reasonable expenses to do so are legitimate.

Part of sound fiscal management is in developing accurate budgets. A budget should reflect the mission of the school and it should be part of a larger plan (p. 5). Invariably, especially in the start-up years, ad-

justments to the budget will have to be approved. This is fine as long as the board understands what created the variance. The board should regularly compare budgeted amounts to actual amounts.

It is also helpful for boards to recognize red flags. Although they don't necessarily indicate wrongdoing or incompetence, they should arouse the board's interest to investigate further. If something seems wrong, find out why (p. 6).

The board can also work proactively to minimize risks to the school by following some commonsense practices (p. 6). These are easy steps that can go a long way in protecting the school.

Finally, the board should always hire its own independent auditor. Complete objectivity is the goal (p. 7). The returns are well worth the auditing fees.

For more information, see the list of references below or contact the National Charter Schools Institute.

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## References & Recommended Resources

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## DON'T CONFUSE GOOD INTENTIONS WITH GOOD GOVERNANCE (PART I)

Brian L. Carpenter  
CEO  
National Charter Schools Institute

The Center for Education Reform is the only national organization to have documented the reasons for every charter school flop, i.e., closure, that has occurred since the movement began. The most common reasons? According to CER (Allen, Beaman & Hornung, 2006), two out of every three of the 436 chartered schools that derailed (through 2005) did so because of financial and/or mismanagement problems.

Sounds like some boards were asleep at the switch. Their failures remind me of a charter school board member who confused good intentions with good governance, emphatically stating why he *wasn't* concerned that his board didn't require regular, thorough financial reports: "We trust our CEO."

Don't get me wrong. Trust is a necessary component in board/management relationships. But it isn't a defensible or sensible excuse for abdicating the board's governance responsibilities—including the responsibility to ensure that the school's financial house is in order. Merely trusting the CEO without examining financial reports is like saying that you trust your broker, so you don't bother reading your investment statements.

So how should the board of a charter school fulfill its governance responsibilities with respect to finances? The typical advice given to boards on this question usually falls along the lines of appointing a savvy treasurer, approving budgets, and paying for audits. Those are good starting points, to be sure, but there's a lot that can go wrong in that cycle. And for some boards, approving a budget is also an invitation to wade into management decisions, e.g., approving this or that purchase, etc. So let's drill down a bit.

By what methods can a charter school board safeguard the school's finances on an ongoing basis *without interfering with management*? The best answer comes from the application of Policy Governance, a theoretical model developed by John Carver. (*Theoretical* does not mean *unproven* in the way we use the word in everyday speech. Used scientifically, it means that universal principles cohere into a unified model.) In Policy Governance, the board ensures that the organization avoids those things that should be avoided, in two primary ways (Carver, 2006). The board:

1. though written policy, proscribes various CEO actions, and
2. monitors CEO compliance with the board's policy proscriptions.

Note that a *proscription* is not the same as a *prescription*. To proscribe something is to prohibit or forbid it. Thus, the board is articulating something the CEO may *not* do.

So, what might a policy proscription with respect to school finances look like? Here's an example out of the policy manual of a charter school on whose board I am privileged to serve:

With respect to the actual, ongoing financial conditions and activities of the academy, the [management company] shall not cause or allow the development of fiscal jeopardy or material deviation from actual expenditures from the board approved budget and priorities established in its Ends policies.

If you take a few minutes to analyze this policy, you will find a content-rich statement that has real meaning. In very few words (the best kind of policy), it covers a wide range of *unacceptable* management behaviors. And part of its beauty is that it does so without the board having to preconceive every possible unacceptable situation. While such a statement should not be the board's only financial policy, it goes a long way toward empowering the board to en-



sure that the school's money is being properly handled *and* empowering the CEO by allowing him or her to make any reasonable interpretation, so long as it is within the boundaries of the policy.

The board now has one more step it must take to fulfill its fiduciary responsibilities: *It must monitor the CEO's compliance with the board's policies.* In next month's column, I will discuss three ways—and only three—in which a governing board does this.



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## DON'T CONFUSE GOOD INTENTIONS WITH GOOD GOVERNANCE (PART II)

Brian L. Carpenter  
CEO

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In last month's column, I led with the startling fact that two-thirds of the 436 charter schools that have gone down the drain in years past have done so because of financial or mismanagement problems, or both (Allen, Beaman & Hornung, 2006). If you're wondering who is primarily responsible for such debacles, you generally needn't look any further than the board of directors.

Yes, a bent CEO can put your school in a ditch—and fast. Even a well-intentioned CEO can cause financial problems. But recognize that one of the primary purposes of the board is to ensure that certain things, like financial mismanagement, don't occur in the school. Thus, when a charter school goes under, the ultimate responsibility lies with the board.

Unpalatable? Perhaps. But if you want to be part of a governing board, responsibility for protecting the school's finances comes with the territory. The keys to shouldering that responsibility well are recognizing that good governance involves acquiring a skill set and then mastering it.

So how does a board that is committed to good governance (something that is demonstrated through board actions rather than talk), ensure that management acts responsibly in the area of the school's finances? After all, if every board member has to become a CPA, there will be a lot of disqualified board members—including yours truly. Thankfully, this is not necessary.

Instead, the board can hold its CEO accountable through creating sound policy and monitoring compliance with it. In the previous month's column, I discussed the basics of sound policy. Among these, the board has a responsibility to articulate those things that the CEO is to avoid. Such policies, when properly written, are always matters of prudence and ethics and are *proscriptive* in nature, meaning that the management is to avoid those actions, decisions, situations, etc. which might lead to a violation of the board's policy (Carver, 2006).

But simply establishing policies is not good governance. Once policies are in place, the board has a responsibility to monitor compliance with them. How does it do this? Well, when you think about it, there are only three ways (Carver, 2006). The board can:

1. rely on a self-report from the CEO;
2. inspect for compliance itself; or retain an outside expert to advise the board.

That's it. There is no other way to assess compliance/non-compliance. So, how does the board use these three things to determine compliance? The answer is quite simple.

Policy Governance requires that whenever the board adopts a policy, it should do two other things at the same time (Carver, 2006).

First, from among the three possibilities, the board should determine *how* it wishes to monitor compliance. Will a self-report from the CEO on a given policy suffice? On some issues, no, but it's impractical and expensive to hire an outside expert (like an auditor or an attorney) to constantly monitor compliance with every board policy. The board simply has to decide which monitoring mechanism(s) will provide the necessary assurance that its policies are being followed.





Second, the board should determine a monitoring schedule. Some policies might necessitate a monthly compliance report, while others might occur quarterly or even annually. The board selects intervals it believes are sufficient. As an example, you could conduct a full scale financial audit every quarter, but that would be a waste of taxpayer dollars when a thorough annual audit, in conjunction with other monitoring reports along the way, will suffice for most charter schools. Once the board has adopted a monitoring interval, it should be added to the annual agenda calendar.

Whatever the methods and schedule, all monitoring reports are made in writing to the board. The board then decides whether it accepts the report as a reasonable interpretation of the board's policy.

By judiciously selecting monitoring methods and schedules, the board will have taken a giant step forward in fulfilling one of its basic responsibilities. Does that mean that a crooked CEO won't be able to game the system or that an incompetent CEO won't damage the school's finances anyway? No. But then no system governance can do that. Nevertheless, the board that diligently adopts policy and regularly monitors compliance has a much better chance of not ending up in the next Center for Education Reform report on failed charter schools.

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#### References

Allen, J., Beaman, G., & Hornung, K. (2006). *Charter schools today: Changing the face of American education. Part 3: Charter school closures: The opportunity for accountability*. Washington, DC: Center for Education Reform.

Carver, J. (2006). *Boards that make a difference: a new design for leadership in nonprofit and public organizations* (3rd ed.). San Francisco, CA: Jossey-Bass A Wiley Imprint.

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# The Seven Absolutely Universal, Non-Negotiable, Unchanging Principles of Good Charter School Governance

by

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## Introduction

As a consultant, I sat silently for most of the board meeting, observing and taking notes. As the meeting neared the end of its third hour, I slipped my hand into the air. The board chair nodded in my direction. In the best professional voice I could muster considering the late hour, I asked, “Is the length of this meeting normal for you?” Most of the board nodded in exhausted agreement. Apparently, this was for them, just another night spent arguing, alternating between approving and suggesting management actions, and discussing minutiae. Less than a tenth of their time that evening was devoted to discussing the thing that actually matters for charter schools: student performance.

But the low point of the board’s dysfunction was its failure to connect its poor governance with the lousy performance of the school. (Notice that we don’t blame lousy school performance on the students.)

I’d like to tell you that the example is an anomaly, but I can affirm, after more than 20 years of service on boards—as CEO on some and trustee on others—the meeting I’ve described is more the rule than the exception. This observation is certainly not limited to chartered schools,\* but it seems to me that with the charge of preparing children for their future, we could be doing much more to govern well.

We need to build capacity. Let me illustrate by asking this question. Why is it that we expect our authorizers and sponsors to be knowledgeable, our charter school leaders to be innovative, and our teachers highly qualified, but when it comes to boards and governance, very little, if anything at all, is required? No

charter school board would hire a CEO who regarded his or her own professional development as optional. Yet how many charter school board members across the country have read any books or articles on governance, attended any governance training seminars, or set aside any time in their own board meetings expressly for developing their own governance capacity?

The result is observable in many places: charter school boards that interfere with management, waste taxpayer dollars, and fail to ensure that their schools educate children to worldclass standards. The purpose of this monograph is to articulate a framework for charter school governance that will reverse this unacceptable trend.

**\*Note to my readers:** Ted Kolderie, one of the chartering movement’s primogenitors, proposes that we can help people understand the unique opportunities offered by charter schools by using the word “charter” as a verb rather than as a noun or adjective.

Why parse words in this way? According to the 38th Annual *Phi Delta Kappan/Gallup Poll*, half or more of the public thinks that charter schools are free to teach religion, charge tuition, and selectively admit students (Hess, 2006).

Modifying the word “charter” to its past tense verb form should help us dispel these false notions. Thus, throughout this monograph, I alternate between the words “charter school” and “chartered school” as a way of working the verb form into our collective vocabulary.

For further reading on the charter misunderstanding, see:

Hess, F. M. (2006). Charter school confusion: What they know just ain't so. Retrieved 3/12/07, from [www.aei.org/publications/pubID.24933.filter.all/pub\\_detail.asp](http://www.aei.org/publications/pubID.24933.filter.all/pub_detail.asp)



Throughout this monograph, wherever you see the books and coffee symbol, I recommend further resources, beginning with these two:

Carver, J. (2006). *Boards that make a difference: a new design for leadership in nonprofit and public organizations* (3rd ed.). San Francisco, CA: Jossey-Bass A Wiley Imprint.

Carver, J. (2002). *John Carver on board leadership: Selected writings from the creator of the world's most provocative and systematic governance model*. San Francisco, Calif.: Jossey-Bass, A Wiley Co.

## Principle 1: Govern as Stewards Rather than as Stakeholders

The starting point for understanding effective governance is to realize that charter school boards—like most boards—govern *on behalf of someone else*. In other words, boards don't usually exist to represent their own interests, but the interests of an owner. In its simplest terms, this is the concept of *stewardship* (Carver, 2006). Thus, the principle of stewardship demands that a charter school board grapple with two questions: "Who are the school's owners?" and "What do the owners expect of their school?"

To contemplate these two questions, let's examine the distinction between the owners of a charter school and its stakeholders, since it's commonplace for boards to act as though they exist to represent the interests of the latter (Carver, 2001). As a group, charter school stakeholders include, but are not limited to parents, students, teachers, management, vendors, and the immediate community. And while stakeholder interests and concerns are important, they are not necessarily the same as the owners' interests.

Let's consider a realistic example. Successville Charter School has three sections of third grade. Teachers liked by parents teach two of the sections. But many third-grade parents don't like the teacher of the third section. Parent grapevines at schools are more proficient than my teenage daughter's text messaging abilities, and the grapevine at SCS is no exception. The third-grade parents warn

second-grade parents to get their children promoted into one of the preferred two sections. Yet the school leader has just renewed the disliked teacher's contract for the fourth consecutive year. At this, the second- and third-grade parents collaborate and successfully get one of their own appointed to the board. The parent board member arrives for her first board meeting, politely announcing that she is there to represent the parents of the second and third grades.

Assuming the presence of leadership in the board, a board that fails to refute such an assertion is a board that does not yet understand the first tenet of good governance: *The board governs on behalf of the owners*. Although the ownership group of SCS includes the parents of second- and third-grade students, it is actually much broader. How broad? Well, chartered schools are public schools without usual district boundaries, so I make the case to boards that they exist to serve the interests of the *public* of the entire state in which the school operates.

Thus, the new board member, along with every other SCS board member, needs to understand that the board's first obligation is to the public—not a particular group of stakeholders. This clarity is important because in some instances, a board may actually find that what the public wants is in conflict with what particular stakeholders want (think lawsuits against the Pledge of Allegiance).

When a charter school board properly views its role as one of stewardship in which the very reason for its existence is to represent the owners, it begins to lay the foundation for *true governance*.

## Principle 2: Establish Organizational Purpose

Once a charter school board realizes that it exists to represent the interests of its public owners, its next primary responsibility is to establish the purposes for which the school exists. This might sound easy. You say, “Oh, we’ve done that. The purpose of our school is to offer a college prep program,” or “The mission of our academy is to provide at-risk kids with marketable vocational skills.” Would you be surprised if I said that your school doesn’t exist for either of those purposes, or anything like them?

John Carver has written extensively about organizational purposes which he calls *ends*. In his model, Policy Governance, ends policies “address a threefold concept: your organization’s results, recipients, and cost of results” (2006, p. 152). While it is not the purpose of this monograph to explain everything there is to know about defining ends, I want to emphasize a key concept with respect to the governance principle of establishing a charter school’s purpose. Most charter schools define their purpose as existing *to do* something (for example, *to teach* impoverished children living in urban areas). In the two examples I gave above, you’ll notice the words “to offer” and “to provide.” Carver’s approach does not define such statements as ends at all, but rather, as *means* (Carver, 2006). A genuine end for a charter school operating in an impoverished urban area might be that all students enrolled gain at least a year’s worth of growth as a result of a year’s worth of instruction (the

basic idea behind value-added assessment) at a cost not to exceed the school’s annual state revenues.

Everything else, such as pedagogical methods, curriculum, amount of homework, teachers, length of school day or year, graduation requirements, assessment, classroom ratio, accreditation, etc., is a *means* to an end. Someone will then ask, “Who decides the means, the board or the school leader?” Actually, a means policy is not defined by who decides it (Carver, 2006). The short answer is the board adopts means policies that pertain only to matters of prudence and ethics. (See Principle 4 for a more thorough answer to this important question.)

At first blush, it may seem to some that I’m merely quibbling over semantics. Far from it. The ambiguity arising from the board’s failure to clearly define the school’s ends will result in misdirected resources, lack of board *and* staff focus, and endless turf battles over the purpose of the school. Perhaps the most onerous consequence though, is that the absence of defined purposes will leave the board with few indicators as to how to evaluate the performance of the school.

A charter school doesn’t exist *to teach*, it exists *that* students derive some benefit or result: ends. As matter of good governance, the board’s role is to establish those primary ends.

## Principle 3: Exercise Fiduciary Responsibility

A basic principle of charter school governance is to safeguard the school from harm. The board accomplishes this as it exercises

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For boards that are interested in implementing Policy Governance (not to be confused with merely adhering to the principles stated in this monograph), the following resource is invaluable:



Carver, J., & Carver, M. M. (2006). *Reinventing your board: a step-by-step guide to implementing policy governance* (Rev. ed.). San Francisco, CA: John Wiley & Sons, Inc.

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I recommend the book, *Governance as Leadership*, as a good primer for boards that need to think about their purpose.

Chait, R. P., Ryan, W. P., & Taylor, B. E. (2005). *Governance as leadership: Reframing the work of nonprofit boards*. John Wiley & Sons.

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See the details on EPA story by pointing your browser to: [www.epa.gov/region1/pr/2001/mar/010320.html](http://www.epa.gov/region1/pr/2001/mar/010320.html)

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fiduciary responsibility (Chait, Ryan & Taylor, 2005). For purposes of simplicity, I propose that charter school boards think of this responsibility as falling into one of two broad categories. The board has a fiduciary responsibility to safeguard:

- every stakeholder's right to physical and emotional safety in the school, and
- the school's finances and property.

But how can a board do this? After all, for example, board members can't possibly spend every day at the school monitoring classrooms, playgrounds, and restrooms to prevent bullying (and even if they can, they shouldn't!). But don't mistake your inability to be at the school in person as a suitable defense if someone sues your board for failing to prevent bullying from occurring. The same could be said of privacy rights, sexual harassment, discrimination, and so on.

And then what about safeguarding property and finances? The sheaves of regulations generated by government agencies these days are enough to swamp a dingy. How can a board member, for example, be expected to know the requirements for schools under the Asbestos Hazard Emergency Response Act (AHERA)? Yet non-compliance can get a school in *big* trouble. Just ask the Vermont Center for the Deaf and Hard of Hearing. In 2001, the EPA fined it \$20,000 for AHERA violations.

Thankfully, the principles of good governance provide a way for the board to exercise its fiduciary responsibilities without becoming expert in volumes of state and

federal school code (and nonprofit law in certain states).

The board's governance role is to exercise fiduciary responsibility in adopting sound policy, *followed by compliance monitoring*—one of the most critical governance roles rarely practiced by boards.

To see how this works, let's turn back to our two examples, bullying and AHERA. In Policy Governance, the board might adopt a means policy that says something like, "The school leader shall not cause or allow any condition in the school that is illegal or unsafe" (Carver, 2006). (*Notice how the policy is a matter of prudence and ethics.*)

How would the board monitor compliance with that policy? (After all, it might not reasonably know that such things as anti-bullying statutes or AHERA exist.) Quite easily, actually. At intervals prescribed by the board, the board simply directs the school leader to report (in writing) compliance or noncompliance with the policy, along with a rationale for his or her determination.

"But," you say, "what if the leader misleads the board, or is uninformed himself or herself?" Couldn't we still be fined or sued? Yes. No model of governance can prevent human error or deception. But if I had to face a court or a government agency, I'd rather have as a defensible argument that (1) the board had a policy intended to safeguard the school, and that (2) the board had a monitoring schedule in place that it was following. This at least, shows that you attempted to exercise proper fiduciary responsibility. Even so, you may lose, but that's a lot better than defending yourself by saying,

“We didn’t know,” or “We had a policy, but we never checked to ensure management complied with it.”

Remember, too, that the board can, and sometimes should, take steps to have an outside expert determine whether the school is in compliance with some of the board’s policies. In the examples provided above, the board could pay its attorney at some interval to conduct a legal audit to report whether the school is in compliance with all pertinent laws. (Concerning finances, boards hire independent auditors in the same spirit and for the same reason.)

Admittedly, adopting policies and monitoring compliance with them is not as exhilarating as say, debating classroom paint colors, but exercising fiduciary responsibility is an inescapable principle of good governance. I’m continuously astounded by the number of boards I encounter that don’t practice it.

## Principle 4: Delegate Authority and Ensure Accountability

In order to accomplish the purposes of a chartered school, the board must delegate *some* of its authority. This process begins when the board selects a school leader, whether this role is fulfilled by a management provider or through the traditional approach of hiring a principal or CEO. There are two basic reasons why it is necessary for the board to delegate some of its authority to a school leader:

- Boards don’t generally possess the qualifications to manage schools

- The board must establish a single point of accountability for the school’s performance

Proper delegation does not mean that the board is reduced to being a cheerleading squad for the staff. It does mean, however, that where management decisions are concerned, the board’s role is to limit those decisions only through policies of prudence and ethics (see Principles 2 and 3, above).

Let’s take this straight to where most charter school boards live by listing a few things that the board should properly delegate to the school leader:

- Annual calendar
- Teacher-to-student classroom ratio
- Hiring and discharge authority for *all* school faculty and staff
- Curriculum and assessment
- Extracurricular activities
- Professional development
- Spending authority within approved budget and policy
- Disciplinary matters
- Pedagogical methods
- Decision-making authority in response to parent complaints

Many boards fail to delegate authority to their school leader on these issues simply because they want to decide the matters for themselves. (We do live in a nation, after all, where self-determination is one of our hallmarks.) There’s a big governance problem, however, with the board failing to delegate authority for these decisions (apart from the likelihood of being unable to sustain school excellence in the face of excessive turnover in the school leader’s position): *Whoever makes the decision is responsible for the results.*





One of my favorite thinkers on the topic of organizational performance is

Jim Collins. Many people have read his bestseller, *Good to Great: Why Some Companies Make the Leap and Others Don't*.

In a companion piece that should be mandatory reading for charter school boards and CEOs, Collins adapts his principles to the non-profit sector. It is splendidly applicable to charter schools and authorizers.

Collins, J. (2005). *Good to great and the social sectors: A monograph to accompany Good to Great*. Jim Collins.

For example, a board that makes faculty hiring and discharge decisions is responsible for faculty performance. Thus, if a particular teacher fails to deliver the prescribed ends, the board is acting without integrity if it holds the school leader accountable.

Having delegated authority for the management of the school, the board then has the obligation of ensuring that the school leader is held accountable *for the school's performance*. In part, this is accomplished by establishing policies of ethics and prudence that convey the board's values throughout the school, then monitoring compliance (see Principle 3). The other piece of the accountability puzzle is accomplished when the board has established the basic purposes (ends) of the school *and identified some key indicators of success* (Collins, 2005). In doing these things, it is well positioned to ensure school accountability by evaluating the CEO's performance.

### Principle 5: Speak and Act as One

I can think of few things more damaging to a chartered school than when board members transgress the governance principle that requires the board to speak and act as one. It could be that errant members don't understand the principle, though more often than not, I encounter people who should or do know better, but violate it anyway because it suits their interests. A board that allows individual members to continue doing so is relegating the school to management by an assortment of individuals, which is a far cry from governance.

The principle of speaking and acting as one, while largely self-explanatory, does not mean that every board member is required to agree with every other board member 100 percent of the time. In fact, I'd really wonder whether a board was functioning effectively if everyone got together and simply nodded in agreement with whatever other board members happened to be saying. What it does mean, however, is that once the board has spoken, either through majority approval of written policy or adopted resolution, *all* board members are obligated to support it.

The underlying principle here is to recognize that individual board members, contrary to popular practice, do not possess *any* authority of the board *as individuals*—a simple fact sometimes found right in the school's bylaws.

In practice, the reason for this governance principle is simple: it is *impossible* for *any* school CEO to follow the suggestions, directions, orders, or demands of nine individuals (or however many comprise your board). The board should state its expectations through written policies or resolutions and expect the CEO to adhere to them.

Are members of your board having trouble speaking and acting as one? Here's a simple remedy: Adopt a written policy that says something like, "*The board of ABC Charter School hereby resolves that individual board members, including the chair, shall not give any directives to any staff member, including the CEO.*" Then if any board member ignores it, he is not just transgressing a sound governance principle, he is transgressing the board's policy and should be dealt with accordingly.

## Principle 6: Spend the Board's Time Only on Things that Matter

Like the board in the introduction of this paper, I often find that charter school boards spend most of their meeting time talking about, well, anything and everything except student growth and achievement (which are actually two different things). To get an idea of where your board spends most of its time, here's a suggestion you can follow from *Charter School Board University* (Carpenter, 2006):

At your next board meeting, take a sheet of paper with a line drawn down the middle to create two columns. In one column, keep track of the amount of time the board spends discussing finances and/or student achievement. In the other column, record the time spent discussing everything else. To get an accurate sense of how the board spends its time, don't tell anyone in advance what you are doing.

Most likely, you'll discover that the board spends a majority of its time talking about things in the second column, i.e., things not pertaining to finances or student growth and achievement. Instead, boards wander all over the proverbial map, discussing just about every imaginable topic except the two things that are really important to good governance. (p. 47)

If, during a regular meeting, you find that your board spent less than 50 percent of its time focused on things directly related to student

growth and achievement, the board is squandering its time.

A good way to implement the principle of spending the board's time only on the things that matter occurs in the agenda adoption stage of the meeting. Assign time limits to all discussion items, then add them up and ensure that the board plans to spend at least half of that time learning about student growth and achievement. Exercise this discipline on a regular basis and you may find your school excelling.

## Principle 7: Commit Resources and Time to Developing Good Governance

Like other skills, the principles of good governance have to be learned and practiced. Mastering them requires self-discipline and accountability on the part of the board, just as self-discipline and accountability are necessary for a CEO to excel at charter school management.

Instead of leaving governance to chance, proficient boards allocate regular time on their agenda to developing their own governance capacity. They also read and discuss books and articles on governance, and attend occasional seminars or workshops.

All of this, of course, requires resources. But *governing* boards recognize that the cost of charter school board *ineffectiveness* is far more than the price of learning to govern well. Make sure board development is in your school budget as you implement the seven absolutely universal, non-negotiable, unchanging principles of good charter school governance.

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When it occurred to me that there aren't many good books available on the topic of charter school board governance, I decided to write one myself. You can purchase single copies on Amazon.com, or in bulk from the Institute's website.



Carpenter, B. L. (2006). *Charter school board university: An introductory course to effective charter school board governance* (1st ed.). Mount Pleasant, MI: National Charter Schools Institute.

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## Acknowledgements

As the title implies, the principles outlined in this monograph are applicable to any chartered school, irrespective of authorizer or sponsor, state law, management type (traditional leader or management organization), size of school, curricular or pedagogical emphasis, or other factors. Actually, they're applicable to any governing board, period. That's because the principles of good governance arise from sound theory. On this, my thinking has long been influenced by the prolific work of world renowned governance experts, John and Miriam Carver (by whom I have also had the privilege of being trained in the theory and implementation of Policy Governance®). I am indebted to both of them for their work and service to boards. In addition to reading their books, I urge boards that are interested in Policy Governance to check out the Carver's website at [www.carvergovernance.com](http://www.carvergovernance.com).

Other writers have influenced my work with charter school boards too, such as Richard Chait, Ram Charan, and Katha Kissman, though the latter two are not cited in this piece. Both, however, are cited in my book on charter school board governance, *Charter School Board University*. All three are great thinkers.

As with all my monographs, I attempted to write this one in everyday English, which is to say, in a non-academic style. Still, I cited the works of others because it is the appropriately scholarly thing to do. For fellow scholars and researchers who are interested in APA standards, I have chosen to deviate in the placement of my references in favor of positioning them alongside the text where the references appear. This is a preference I acquired from the master of visual design, Edward Tufte.

Finally, let me close with this *mea culpa*: Any errors, omissions, or misinterpretations of others' works cited in this paper are, of course, unintentional and wholly my own responsibility. Also, this monograph was published by the National Charter Schools Institute for informational purposes only. The content is not to be used as a substitute for legal advice. Specific questions should be directed to the school's legal counsel. The author is solely responsible for the content. His opinions do not necessarily reflect those of the Institute.

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### ***From the CEO of the National Charter Schools Institute***

Affiliated with Central Michigan University in Mount Pleasant, Michigan since its inception in 1995, the National Charter Schools Institute is committed to advancing quality in the charter school sector through publications, conference presentations and tailored technical assistance to charter schools.

If you found this publication meaningful, I invite you to visit our website at [www.NationalCharterSchools.org](http://www.NationalCharterSchools.org) where you will find similar monographs on a variety of topics including board governance, administrative leadership, evaluating research and more—all free of charge. And as long as proper attribution is given, you're welcome to print and distribute as many copies of these as you like.

If you would like to discuss the prospect of board governance training or other kinds of technical assistance, please email me at [bcarpenter@nationalcharterschools.org](mailto:bcarpenter@nationalcharterschools.org), or call the Institute at (989) 774-2999 (Monday through Friday, 8:00 am to 5:00 pm, EST).

Finally, any feedback you might wish to suggest to improve this, or any of our publications, would be valued.



Brian L. Carpenter