



Executive Team

Mildred S. Cunningham, President
& Chief Executive Officer

Dr. Raul Carranza, Superintendent

Matthew Brown, Chief Operating
Officer / Chief Financial Officer

Dr. Maria Pimienta, Assistant
Superintendent

Board of Directors

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Spencer Burrows, Member

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January 26, 2020

TEACH Public Schools Response to the Annual Performance-Based Oversight Visit Report 2018-2019

Per CSD recommendation, the TEACH Academy of Technologies Annual Performance-Based Oversight Visit Report was discussed at the January 29, 2020 TEACH Public Schools Board of Directors Meeting.

1. Preapproval of Purchase Orders:

CSD Reviewed a sample of 30 transactions and two items didn't have written preapproval documentation.

One of the transactions is with Aptus Group, which provides special education services. These types of recurring services (special education, substitute teacher and utilities) don't require a PO for preapproval as they have a board approved rate sheet, are difficult costs to predict and are mostly unavoidable on a short term basis. The special education and substitute teacher invoices are audited on a weekly basis by the site principal, CFO/COO and Superintendent to ensure services are actually rendered and are appropriately billed. The board then reviews via monthly check register and fiscal report. Language to reflect this can be included in an updated version of the TEACH fiscal policies.

TEACH agrees that AB Print as missing a PO and will continue to work to ensure this type of transaction has written preapproval.

2. Overdraft Fees

The CSD noted an overdraft fee that was assessed against the Pacific Western Bank Checking Account Ending in X7876 during the month of June 2019 (in the amount of \$35). The CSD was informed that the account in question is an imprest account, primarily used for issuing checks that are for emergency situations and/or special transactions. This issue was also



referenced in the school's 2018- 2019 Annual Performance-Based Oversight Visit Report.

During the previous year's fiscal review (2018-2019), the school acknowledged its neglect in maintaining sufficient funds in this account, and advised the CSD that steps would be taken to monitor this account more stringently and ensure that adequate funds would always be available to cover any checks written. During the current year's fiscal review (2019-2020) fiscal, the school stated that it would implement the following steps to prevent future overdrafts: 1. TEACH will increase the minimum balances in its imprest accounts to \$10,000, and 2. TEACH will its checking account balances and outstanding checks prior to signing new checks— to verify that these accounts contain sufficient funds.

The CSD recommends that the organization update its fiscal policies and procedures to include detailed procedures regarding the ongoing monitoring of cash balances for all of its bank accounts, as well as detailed guidelines on the use of its imprest accounts.

TEACH will updated its fiscal policies to require a copy of any impress check be sent to Charter Impact with instructions to refresh the account in the amount of the check within 5 business days.

3. Outstanding Checks:

Based on the CSD's review and analysis of a sample of bank reconciliation reports prepared by the school's back office services provider firm (currently, Charter Impact), the CSD noted a check drawn on the school's Operating Account Ending in X7843 that, as of August 31, 2019, had been outstanding for 157 days (Check # 61600, in the amount of \$2,825.00, dated 3/27/2019 and payable to J.P.D. Welding). This issue was also referenced in the school's 2018-2019 Annual Performance-Based Oversight Visit Report.

Page 11 of TEACH's Fiscal Policies & Procedures states that Charter Impact will examine all checks issued in terms of checks' issuance dates, payee names, cancellation information, and endorsements. Any discrepancies regarding either paid checks or any checks outstanding for 90 days or more will be researched and, if applicable, deleted from the accounting system.



The school previously acknowledged that its checks outstanding for 90 days or more were not deleted from its accounting system. According to the school, these checks are still considered valid. Further, the school contends that its practice conforms to the protocol of the financial institution where their checking accounts are held (which, per the school, deems checks valid for up to six months after the date of issuance).

The CSD recommends that the school adhere to its governing board-approved fiscal policies and procedures, and update its policies to include details regarding the steps taken to research and resolve its outstanding checks.

TEACH will updated its fiscal policy to make checks valid for 6th months, but continue to monitor the outstanding check list and inquire as to whether to VOID and/or Reissue after 90 days.