

LA PROMESA EARLY LEARNING CENTER
Finance Committee Meeting Minutes
Date: January 31, 2017

Board Members Present	Selia Cervantes, Cipriano Lucero, Ray Rivera	
Absent		
Others in Attendance	Chris Jones, Jackie Rodriguez, Mike Vigil, Danielle Miranda	
QUORUM	<u> X </u> YES <u> </u> NO	
Meeting called to order	Selia Cervantes called the meeting to order at 5:13 PM	
Item	Discussion	Action/Recommendation
Approval of the Agenda	No discussion.	Selia Cervantes called for a motion to approve the Finance Committee agenda. Cipriano Lucero motioned, Ray Rivera seconded. -Selia Cervantes called for a vote. GC approved unanimously by a vote of 3-0; 0 opposed; 0 abstained
Budget Report	<p>Bank Account Activity Report and the Outstanding PO's Reports</p> <p><u>Vigil:</u> Back into balance with bank statement. Zero variance, We are back on track, we know where the cash sits in all different funds. Bank Account Register Activity Report- where we cut checks and where we receive deposits from for the entire month of December. We can't reconcile January until tomorrow. Every single expenditure and check request is sent to the PED. 2nd quarter reports have been sent to PED. You have had only sample reports, going forward you will have a full set of reports. You will have actual backup to ensure everything in those reports are correct. Next meeting I will have an ending balance for you, which will include cash balances and those will match bank statements. So you have an idea where you sit. Those will go out a week in advance.</p> <p><u>Rivera:</u> Looking at Earlier Learning Solutions- is that the yearly amount that we're paying?</p> <p><u>Jones:</u> That is our monthly lease payment. \$53,000 is what we pay on a monthly basis. It is not a lease purchase. We also pay taxes on the property as well as the facilities. We are paying the full amount only to occupy 4 out of the 9 buildings. That is we have discussed the 3 options for Facilities because we definitely have to prioritize and make sure we figure this out.</p> <p><u>Rivera:</u> What is CES?</p> <p><u>Jones:</u> CES is the organization we contract all of our ancillary services from (SLP, SW, OT, RT)</p> <p><u>Vigil:</u> Also substitutes come out of CES. CES is a cooperative; they do have the lowest price. They do bidding for the entire state and they offer vetted contractors to provide the lowest prices in the state. The school is a member of CES to take advantage of those prices.</p> <p><u>Jones:</u> As we move toward the end of the school year, hopefully we will have some money left over that we can put back into our operational fund.</p> <p><u>Vigil:</u> Dollar PO is for a contracted service. Charge X amount of dollars for X amount of time. Invoices can be booked against that PO and it's open for the whole year. That's why some are estimated. If they don't reach that total amount of the PO, that's when we can return the funding to the budget.</p> <p>Regular PO is intended for orders in which you have items and unit price and number of unit price, which comes out to a total. When we receive those units in we can mark those against the Pos and that PO will wipe out. Most POs will be Regular Pos.</p> <p><u>Jones:</u> If you exceed what you been approved, you have to request a change order and that is a process in itself. So you want to overshoot.</p> <p><u>Vigil:</u> Main Problem: The school did not budget enough for its lease. Over \$300,000 short in the budgeting. We can expect that to be our deficit going into next year. In the spring of last year, they did not plan to have that available money to pay the lease. Even though the school was aware of the \$53,000 a month payments for the facility.</p> <p>Budget Adjustment Requests (BARS)</p>	

Vigil: There are 4 BARS for consideration:

1. 528-000-1617-0022- D
2. 528-000-1617-0023- M
3. 528-000-1617-0024- D
4. 528-000-1617-0025- I

1. Cut from Special Legislative Session- this is a requirement. \$88,802 was the 1½% that was determined by the PED. These are the areas we saw were we able to reduce.

2. Pre- K initiative- the school only budgeted for the salary line \$320,620(top line). But the application has more items for PD, student field trips, supplies, etc. This BAR is making the budget match the application, so we can spend it as the application intended. No new money, no reduction of funding in that fund.

3. The school received an award letter for the K-3Summer Program; it was a reduction of \$1. We are doing what the award letter told us to do (memo from the state). The reduction is .49 but the system doesn't allow anything less than \$1. That fund had plenty of availability, so \$1 will not do anything.

4. Since Fiscal Year 12-13, the school had no tracking of cash on the system itself since June 30, 2013. We found that there was cash availability of \$172,560 at the end of June 30, 2016. The school did not choose to budget any cash carry over from last SY to this SY, so we have to acknowledge that there is cash available in the bank at the beginning of the SY. I put it into all the Rent Line, brings the rent adjusted budget to \$283,577. Still leaves us short to cover the entire lease. There was never enough budget for that lease, even with this cash carry over consideration.

Depending on what the legislation session does, there may be another reduction depending how they calculate amounts (should be based on the audits). The issue with that I'm not sure that they're going to be able to rely on this school's audit depending on the opinions of the auditors given when it is full released.

Finance Committee was adjourned at 5:42pm

LA PROMESA EARLY LEARNING CENTER
Governance Council Board Meeting Minutes
Date: January 31, 2017

Board Members Present	Julian Munoz, Selia Cervantes, Cipriano Lucero, Ray Rivera, Judy Griego, Reggie Sanchez, Diego Trujillo	
Absent		
Others in Attendance	Chris Jones, Jackie Rodriguez, Mike Vigil, Patty Matthews, Danielle Miranda	
QUORUM	<u> X </u> YES <u> </u> NO	
Meeting called to order	Mr. Munoz called the meeting to order at 5:48 PM	
Item	Discussion	Action/Recommendation
Approval of the Agenda	<p>No discussion.</p> <p>* Polos were donated for every Governance Council Member</p>	<p>Julian Munoz called for a motion to approve the 01/31/17 agenda. Judy Griego motioned, Cipriano Lucero seconded.</p> <p>-Julian Munoz called for a vote. GC approved unanimously by a vote of 7-0; 0 opposed; 0 abstained</p>
Approval of Minutes	<ul style="list-style-type: none"> • No discussion. 12/27/16 Minutes were reviewed and approved <p><u>Jones:</u> November Minutes were included in your packet but were not on today's agenda. Not sure they can be approved at this time.</p> <p><u>Munoz:</u> We will put the November Minutes on the next agenda. They will be presented and approved at the 2/28/2017 GC meeting.</p>	<p>Julian Munoz called for a motion to approve the 12/27/16 Minutes. Judy Griego motioned, Reggie Sanchez seconded.</p> <p>-Julian Munoz called for a vote. GC approved unanimously by a vote of 7-0; 0 opposed; 0 abstained</p>
Discussion/Action Items	.	
Budget Report, BARS- Action Item	<p><u>Munoz:</u> The Finance Committee reviewed them. Any questions from Finance Committee? Did you have all your questions answered?</p> <p><u>Lucero, Rivera, Cervantes-</u> Yes</p> <p><u>Munoz:</u> How many bars are being presented today? And can you give a brief summary on the BARS being presented today?</p> <p><u>Vigil:</u> There are 4 BARS for consideration:</p> <ol style="list-style-type: none"> 1. 528-000-1617-0022- D 2. 528-000-1617-0023- M 3. 528-000-1617-0024- D 4. 528-000-1617-0025- I <p>1. Is a reduction based on the special session that was held in October- this is a requirement. \$88,802 was the 1½% of your unit value for your current fiscal year that was determined by the PED.</p> <p>2. Pre-K Initiative- there is an application for Pre-K and this BAR does not increase or decrease the funding of the application, it just brings the budget to match the application.</p> <p>3. K-3 Plus Summer Program reduction- it is for .49 cents.</p> <p>4. Increase for your cash carry over- I put it into all the Rent Line, brings the rent adjusted budget to \$283,577. The lease is not fully covered by the budget that was set in place by previous business management but it does help towards that goal.</p>	<p>Julian Munoz called for a motion to approve the BARS (0022- D, 0024- D, 0025- I) that were presented during the Finance Committee</p> <p>Selia Cervantes motioned, Cipriano Lucero seconded.</p> <p>-Julian Munoz called for a vote. GC approved unanimously by a vote of 7-0; 0 opposed; 0 abstained</p> <p>Julian Munoz called for a motion to approve the BAR (0023- M) that was presented during the Finance Committee</p> <p>Cipriano Lucero motioned, Judy Griego seconded.</p> <p>-Julian Munoz called for a vote. GC approved unanimously by a vote of 7-0; 0 opposed; 0 abstained</p>
Scribe Update	Danielle Miranda Volunteer Scribe. Non-voting member.	
Facilities Update	<p><u>Jones:</u> In your packet, you will see a survey & information from APS</p> <p>This meeting was held on 1/19/2017. I submitted the Survey and they invited us to this presentation. We had hoped to resolve our facilities issue. Going to the district and participating in this presentation I left with less hope than I entered.</p> <p>There is a sub-committee that will look at how we will use this bond money to acquire facilities. They will form additional sub-committees to assist with the identification of schools based on priority. There is no timeline. They are going to report back to the</p>	

	<p>Superintendent, who will tell them how to proceed. They haven't promised anyone anything. They do not have Step B, No plan of action.</p> <p>So this is not an immediate answer to our facilities crunch. We need something now because we need to present to the PEC immediately to let them know that we're aware of the deficit caused by our current lease and that we have a plan to fix it.</p> <p>The potential options for facilities included:</p> <ol style="list-style-type: none"> 1. Working w/APS to participate in Bond Election facilities acquisition program. 2. Work with Charter School Development Corporation to negotiate purchase of La Morada facilities from Earlier Learning Solutions Foundation Inc. <p>We had hoped that they would acquire our facilities and allow us to pay them a smaller lease payment per month and on an annual basis. We have yet to hear back from them.</p> <ol style="list-style-type: none"> 3. Decrease program size and return to Central campus with less grade levels served and a smaller enrollment. <p>In Summary, Option A is looking like Option C. Look through the notes and if you have any questions, you can ask at the next meeting or email me.</p>	
<p>Update from 1/13/2107</p>	<p><u>Jones:</u> We were blindsided by an email we received on 1/9/17 (everyone received the Press Release). It was the agenda for the upcoming 1/13/17 PEC meeting. The agenda included: Recommendation to Commence Revocation proceedings against La Promesa based on suspension of Board of Finance and Fiscal Mismanagement. This email was a mass distribution; it went to all the charter school directors across the state. It wasn't directed or addressed to me. Since then, we have not been a school of concern. We have slipped under the radar and have gotten back on track. So when I received that email I was blindsided.</p> <p>On 01/13/17 we went to the meeting and Patty Matthews was there to support us legally. The recommendation was based on the audit that has yet to be released. The information that was released to the Commission and the Media should not have been released. They were violating the audit act. Because of the Audit Act, we couldn't defend ourselves. We did discuss the Lack of Communication, Financial Plan, and Academic Indicators.</p> <p><u>Lack of Communication:</u> We expressed to them that we hadn't gotten a lot of communication from the CSD. I have gotten 2 emails from the CSD, 1 of which I initiated. In December, they were still requesting information so they can complete our review, which doesn't give us time to submit a School Improvement Plan because we have gotten no formal responses from the CSD. Therefore, we're unaware of anything we need to fix. We submitted a School Improvement Plan to the beginning of the year and uploaded it to EPPS. I wanted to confirm with Ms. Poulos that we submitted something, but she couldn't confirm and said she would get back to me.</p> <p><u>Financial Plan:</u> On 8/12/16, our Board of Finance was suspended. At that time, we were given an Initial Financial Oversight Plan (list of requirements that we were to meet in our first year). We hadn't been given a corrective action plan, so we wanted to prove that we're taking measures to make sure we're getting back on track. To help us self monitor because of the lack of communication.</p> <p><u>Academic Indicators:</u> We have met the academic indicators in the first half of the school year. We met the indicators, so we feel that we are getting back on track.</p> <p>The Recommendation to Commence Revocation was tabled. We go back on 2/10/17 and I will present the status report on the improvements. If the audit report is released, they are going to base their recommendation to go to a hearing on what they see in the audit report. If they don't have the audit report, I can assume we will be back in March and then maybe they can make a recommendation or not and vote on that vote.</p> <p><u>Jones:</u> We have done a lot of work without a corrective action plan. We have worked with Mr. Craig & the Vigil Group to prioritize the list. They are claiming current mismanagement but that is a direct reflection of Mr. Craig.</p> <p><u>Matthews:</u> I wanted to let the board know going forward I think we will be on the 2/10/17 agenda. I don't know if the audit is released if the recommendation will come back. The process would be to vote on whether or not to have the hearing on whether or not to revoke your charter. So it's not going to be a vote on that day to revoke, just that we'd go forward on the hearing. But it says a lot that you have a formal corrective action plan, that you have done a lot of things, before you were brought before the commission. We will have the opportunity to say here are all the things we've done and everything you're looking at is from the prior year.</p> <p><u>Munoz:</u> Mr. Jones handled the Media very well. He got the other side of the school out there, which I'm guessing was a factor in them tabling it as well.</p> <p><u>Jones:</u> Our major goal is to separate ourselves from anything that has happened in the past and make a plan to move forward.</p>	

Financial Policies- Action

Jones: One of the things that was noted when they suspended our board of finance, was that we didn't have a solid set of internal controls. We don't have any policies in place. They asked for policies which I sent to them. We haven't been able to identify when these policies were approved by the board. If they were approved, they were never noted. These were presented at the beginning of the school year by Rhonda (previous business manager). Our staff members signed off on all these policies. However, the policies were never vetted by the GC, so those policies do not exist. This is a priority and is something we have to have in place. I worked with Mr. Vigil to review only the policies that needed to be revised. The comments in red are from Mr. Vigil.

There are 4 Policies, that have been revised, that have to be approved. They include:

1. Cash Receipts (how we handle cash/procedures)
2. Purchasing
3. Timesheets
4. Travel & Mileage

1. Cash Receipts-

Jones: we have stopped all the nickel and dime fundraisers this year. We have disallowed our staff from handling any cash. There are 2 central people who do it and are a part of this policy.

Vigil: The auditors will question the process of journal entries (any entries made manually against the system for correcting). The question is does the board want to have any responsibility in vetting those journal entries? Or have our licensed business manager make the entries but they're not allowed to post. They have to send to a review with another licensed business manager within our company. We have our own internal controls that prevent any posting of journals that could hide cash and lead to any fraud. We can stick with our internal controls but I still have to bring journal entries to the board. That's a decision that needs to be made by the school. I made this comment because in the fiscal year 14-15, when we noticed a lot of the big problems, there was over 160 manual journal entries into the system. In comparison, I have a school this size that had 10. That is 16x what I would consider normal. That amount of entries can lead to errors. It looks like negligence not embezzlement because we are returning cash and that's why the PED was ok moving forward with our entry to correct the cash. Policies shouldn't be specific to exact amounts/systems because those amounts/systems can change.

Jones: We have to decide if the business manager needs to be double-checked or if they need to be approved by the board. The goal is to continue with the Vigil Group even when our board of finances is handed back to us.

Munoz: I want to stay with the Vigil Group but if we don't have them. We can mimic those words, so when we get an assistant business manager, they will know exactly what they need to follow.

Jones: We will use "All adjusting journal entries will undergo a second review."

2. Purchasing-

Jones: We were flagged for not having a Procurement Officer. There has been no Procurement Officer for 2 years. This is in the Action Plan and needs to be fixed. I have registered for the training in April to become Chief Procurement Officer. This explains the Procurement process- the entire process of documenting, making sure you have budget authority (approval to purchase), and completing the process with a check in hand.

Vigil: Purchase orders will be retained in some sort of order. Who is receiving the goods? We want to make sure that what we are receiving, we actually ordered, with the correct PO in place. We want to avoid findings.

Jones: We maintain an AP Recon Sheet (spreadsheet) - so we can track. We will designate 2 people (office manager & designee) who can look at the sheet and confirm a PO was approved. A Flow Chart w/Instructions will be used.

3. Timesheet Policy-

Jones: We require all of our hourly staff submit timesheets. They follow a timesheet calendar. I approve the times and submit to the Vigil Group and they enter the times. That's how our employees are paid. This explains all of those requirements and those hourly employees will be paid time & a half above 40 hours.

Vigil: The problem is we don't know if we should have a requirement for those employees listed as salary to even provide timesheets, if we have no intention of paying them time & a half, if they make over \$28,000. I don't want to add anything to the policy itself, just bring to life that the contracts need to be very clear.

Jones: Everything is vague. We will be coming to the board to review those contracts and job descriptions.

Julian Munoz called for a motion of approval of the financial policies with the corrections. Judy Griego motioned, Reggie Sanchez seconded.

-Julian Munoz called for a vote. GC approved unanimously by a vote of 7-0; 0 opposed; 0 abstained

	<p>4. Travel & Mileage- <u>Jones:</u> This explains the layers of approval for travel. I would approve travel for Staff and if I need to travel, it would be approved by the board. Travel Requests must be submitted 1 month in advance to be considered for approval. <u>Munoz:</u> There needs to be a Sub-Section that explains the procedures for emergency travel. <u>Vigil:</u> Change language to: ‘Provide adequate time for governance council approval’</p> <p>*Textbooks- <u>Munoz:</u> Issuing Textbooks- who is responsible for issuing the books? <u>Jones:</u> We will change the wording to “Executive Director or designee” to make sure we have more flexibility on who’s completing these processes.</p> <p><u>Jones:</u> The revisions were the focus. Mr. Vigil made the recommendations and we wanted to get your approval with the changes. <u>Munoz:</u> We will have updated financial policies by next meeting.</p>	
<p>Approval of 2016-2017 Initial Oversight Plan Responses- Action</p>	<p><u>Jones:</u> We did receive a 1-pager and it listed all the requirements within the initial year. They said these were subject to change but they were priorities and we need to accomplish them. The Initial Financial Oversight Plan: The left hand side is a list of all the requirements that need to be accomplished. The Middle is the Date & Summary of School Response. I want approval to submit this as something we’ve done when we do submit to the PEC. I want to be able to include this in a packet to prove why we shouldn’t have a hearing and we should be allowed to fix things. I wanted you to review it and understand the contents of the document and hopefully approve it to submit. <u>Griego:</u> Include the get-well date <u>Jones:</u> I will put together a bulleted list but some of the information that is in the audit and we can’t release any detailed information about the audit. We have a corrective action plan with recommendations that include those dates.</p>	<p>Julian Munoz called for a motion of approval the Initial Financial Oversight Plan with the suggestions made and gives Mr. Jones the approval to submit the report as needed. Diego Trujillo motioned, Judy Griego seconded. -Julian Munoz called for a vote. GC approved unanimously by a vote of 7-0; 0 opposed; 0 abstained</p>
<p>Adoption of Performance Framework Monitoring Tool- Action</p>	<p><u>Munoz:</u> The Contract/Framework Accountability Plan was devolved by Mr. Jones, Patty, and myself. It was created for someone who might be taking over as assistant business manager. It is something they can follow and check off as they go through their duties and document how they’re going through those duties. It streamlines the process. Patty included the State/Federal Regulations. <u>Jones:</u> This is our Performance Framework and it relates to the 3 aspects of what we do (academic, finance, & organizational). This is a great way for us to self-monitor what we’ve done and ensure that we have met the requirements of our performance framework. It helps us make sure we have a turnkey operation. This can be shared with the GV at future meetings and can be shared with members of the PEC so they can see we have implemented our own monitoring system. It is on the agenda for approval because I believe we have a lot of information to populate this template. If you approve it, we would then populate the template and then we would also want the approval to share with those who monitor us or to share with the CSD. This is a great tool to show the work that we do. <u>Munoz:</u> It is in draft format, it will be an evolving document.</p>	<p>Julian Munoz called for a motion of approval to adopt the Performance Framework Monitoring Tool and the ability to use it for communicating progress to Governance Council, Administrators, and outside entities. Cipriano Lucero motioned, Selia Cervantes seconded. -Julian Munoz called for a vote. GC approved unanimously by a vote of 7-0; 0 opposed; 0 abstained</p>
<p>School Improvement Plan- Action</p>	<p><u>Jones:</u> The School Improvement Plan is required 40 days after we receive our school letter grade. We still have not received our final report from our last site visit, from last year. So I have had no information that is why I did not submit anything to them with the exception of the 3 we just did automatically. They weren’t required or never asked to submit. I sent an email to Ms. Poulous about the 3 things we submitted and she said she couldn’t confirm and she would get back to me. I haven’t heard back from her. This is the new template that was approved by the PEC. I received the template and started to populate it. The most important things are the Academics, Financial, and Organizational. So based on what needs improvement that is identified through the final report and then you have to develop separate School improvement Plans for each of these areas. I am asking for you to review the plan and if you’re ok with it I would like to have this as our School Improvement Plan to communicate with our staff beginning tomorrow. They need to live by this and this is something that everyone will help us accomplish. This is also something that will be submitted to the PEC. <u>Munoz:</u> Include that you’re lacking direction from the CSD. <u>Jones:</u> All of the communication between myself and the CSD is included in the documentation. That is the point of the monitoring tools, to show that even without any guidance we have done this.</p>	<p>Julian Munoz asked for a motion to approve the School Improvement Plan and give Mr. Jones permission to submit to the entities he needs to submit to. Ray Rivera motioned, Cipriano Lucero seconded. -Julian Munoz called for a vote. GC approved unanimously by a vote of 7-0; 0 opposed; 0 abstained.</p>

<p>Conflict of Interest Forms- New Members</p>	<p><u>Matthews:</u> There are a lot of things wrong with this document. I just emailed Mr. Jones a new one. I would ask not to use this document. <u>Munoz:</u> Motion to table this item. Next meeting- present an updated Conflict of Interest Form.</p>	<p>Julian Munoz asked for a motion to table. Ray Rivera motioned, Cipriano Lucero seconded. - Julian Munoz called for a vote. GC approved unanimously by a vote of 7-0; 0 opposed; 0 abstained.</p>
<p>Administrator Report</p>	<p><u>Jones:</u> We have not received a formal review of our performance framework from the last site visit or any other communication about what we need to approve upon. 'Site Visit: Required follow-up' document- these 3 items were noted in the site visit. These were the only items that were addressed. We fixed these items and our responses were included. December Email from Mr. Gloudemans: he is still asking for documentation from the previous year so he can finish our EPPS review. Therefore we never had the final review that says you didn't meet your academic indicators and you need a school improvement plan. This is good documentation that proves found in the site visit has already been accomplished. I uploaded all the information he was asking for and haven't heard anything back. I wanted to show you that the communication has lacked and we have done everything in our power. We are doing our own self-monitoring because there is no communication.</p>	
<p>Public Comment</p> <p>Adjourn</p>	<p>NA</p> <p>Next GC meeting: February 28, 2017 Finance Committee: 5:00 PM Regular GC Meeting: 5:30 PM</p> <p>Meeting was adjourned at 8:20 pm</p>	<p>Julian Munoz asked for a motion to adjourn. Ray Rivera motioned, Judy Griego seconded. - Julian Munoz called for a vote. GC approved unanimously by a vote of 7-0; 0 opposed; 0 abstained.</p>