

# **Julia Lee Performing Arts Academy Fiscal Policies and Procedures**

*Revised and updated 03/20/2019*

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# **Julia Lee Performing Arts Academy**

## **Fiscal Policies and Procedures**

### **OVERVIEW AND GENERAL BUSINESS POLICIES**

The Board of Julia Lee Performing Arts Academy has reviewed and adopted the following policies and procedures to ensure the most effective use of the funds of the School to support the mission and to ensure that the funds are budgeted, accounted for, expended, and maintained appropriately.

1. The Board approves financial policies and procedures, delegate's administration of the policies and procedures to the Executive Director, Head of School, or Principal and reviews operations and activities on a regular basis.
2. The Executive Director has responsibility for all operations and activities related to financial management. However, the Board and Executive Director can appoint or delegate someone else to perform the responsibilities.
3. Financial duties and responsibilities must be separated so that no one employee has sole control authorizing transactions, recording financial transactions and custody of assets.
4. The School will maintain in effect the following principles in its ongoing fiscal management practices to ensure that:
  - a. expenditures are authorized by and in accord with amounts specified in the board-adopted budget,
  - b. the school's funds are managed and held in a manner that provides a high degree of protection of the school's assets, and
  - c. all transactions are recorded and documented in an appropriate manner.

### **Budget Development, Oversight Calendar and Responsibilities**

The School will develop and monitor its budget in accord with the annual budget development and monitoring calendar as specified below.

#### *January - April*

Charter Impact works with Executive Director, Head of School, or Principal to review Governor's proposed state budget for the upcoming fiscal year and identify the likely range of revenues for the school's upcoming fiscal year (July 1 - June 30) based on projected enrollment. Once the revenue estimates are complete, Charter Impact and the Executive Director, Head of School, or Principal develop the remainder of the budget including staffing levels, review of fixed costs and discretionary spending. Then a five-year budget projection is developed in accordance with the schools' established strategic and growth plans.

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### **Budget Development, Oversight Calendar and Responsibilities (continued)**

#### *May – June*

Charter Impact and the Executive Director, Head of School, or Principal review revenue projections subsequent to the Governor's annual "May Revise" budget figures, fine-tunes the upcoming fiscal year budget to accommodate any changes. This budget will include monthly cash flow projections. The Board reviews and formally adopts a budget for upcoming fiscal year before June 15. A copy of the final budget is provided to the charter-granting agency.

#### *July – August*

Books for prior fiscal year are closed by Charter Impact, all transactions are posted, and records assembled for audit.

The budget is reviewed subsequent to the adoption of the state Budget Act and necessary adjustments are made. A copy of the revised final budget is provided to the charter-granting agency, if applicable.

#### *September – December*

The independent auditor performs audit of the closed fiscal year and prepares audit report for submission to the Audit Committee.

At the end of the first full week of school, the Executive Director, Head of School, or Principal reviews the Charter School's actual attendance figures and notifies the Board if actual attendance is below budget projections. If needed, the school's budget is revised to match likely revenues.

The Governing Board Reviews a copy of the audit report. The Executive Director address any audit exceptions or adverse findings. Once the Board approves the audit report, it is submitted to charter-granting agency.

On a monthly basis, the Executive Director, Head of School, or Principal and Board reviews current year actual versus budgeted revenues and expenditures and other financial reports as presented by Charter Impact. The Board approves any needed changes to the annual budget.



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#### **Budget Transfers**

The Executive Director, Head of School, or Principal may transfer up to \$30,000 from one unrestricted budget item to another without board approval, but shall notify the Board of the transfer at the next regularly scheduled meeting.

#### **Banking Arrangements**

The School will maintain its accounts either in the County Treasury or at a federally insured commercial bank or credit union. Funds will be deposited in non-speculative accounts including federally-insured savings or checking accounts or invested in non-speculative federally-backed instruments or in the County's Pooled Money Investment Fund. If funds are held in accounts outside of the County Treasury, the Board must appoint and approve all individuals authorized to sign checks or warrants in accord with these policies. Charter Impact will reconcile the school's ledger(s) with its bank accounts or accounts in the county treasury on a monthly basis.

#### **Record Keeping**

Transaction ledgers, duplicate unsigned checks, attendance and entitlement records, payroll records, and any other necessary fiscal documents will be maintained by school staff in a secure location for at least three years, or as long as required by applicable law, whichever is longer.

Appropriate back-up copies of electronic and paper documentation, including financial and attendance accounting data, will be regularly prepared and stored in a secure off-site location, separate from the school.

Charter Impact will retain electronic records at their site for a minimum of two years; after which, the remaining years will be the responsibility of the School.

In addition to these processes, the school will adopt and utilize the Galaxy system as mandated by the Riverside County Office of Education. The school will implement and adopt this system as soon as it is able to do so. Once adopted the school and Charter Impact will make every effort to work with and maintain this system to the best of its ability.

#### **Property Inventory**

The Executive Director, Head of School, or Principal shall establish and maintain an inventory of all non-consumable goods and equipment worth over \$1,000. This inventory shall include the original purchase price and date, a brief description, serial numbers, and other information appropriate for documenting the school's assets. This property will be inventoried on an annual basis and lists of any missing property shall be presented to the Board.

All non-consumable school property lent to students shall be returned to the school no later than 5 working days after end of the school year. Any excess or surplus property owned by the school

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may be sold or auctioned by the Executive Director, Head of School, or Principal provided the Executive Director, Head of School, or Principal engages in due diligence to maximize the value of the sale or auction to the school. The sale or auction of property owned by the school with a fair market value in excess of \$1,000 shall be approved in advance by the Board.

The Executive Director, Head of School, or Principal will immediately notify Charter Impact of all cases of theft, loss, damage or destruction of assets.

#### **Attendance Accounting**

The Executive Director, Head of School, or Principal will establish and maintain an appropriate attendance accounting system to record the number of days students are actually in attendance at the School and engaged in the activities required of them by the School. The annual audit will review actual attendance accounting records and practices to ensure compliance. The attendance accounting practices will be in conformance with the Charter Schools Act and the applicable California Administrative Code sections defining Charter School Average Daily Attendance. Therefore:

1. ADA will be computed by dividing the actual number of days of student attendance by the number of calendar days of instruction by the School.
2. The School's instructional calendar will include at least the minimum number of instructional days and minutes required by the California Department of Education and applicable law.
3. Independent study must be implemented in accordance with the Julia Lee Performing Arts Academy's Independent Study Policy if applicable.

#### **Annual Financial Audit**

The Board will select the independent auditors and approve contract renewals. The Board shall annually contract for the services of an independent certified public accountant to perform an annual fiscal audit. The audit shall include, but not be limited to (1) an audit of the accuracy of school's financial statements, (2) an audit of the school's attendance accounting and revenue claims practices, and in conjunction with (1) and (2) above, review the school's internal controls over financial reporting. The audit shall be prepared in accordance with any relevant Office of Management and Budget audit circulars if the School spends in excess of the amount which requires an audit. The Audit shall be completed, reviewed by the Board, and submitted to the charter-granting agency, the County Office of Education, the Office of the State Controller, and California Department of Education prior to December 15 of each year.

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### **Required Budget and Other Fiscal Reports**

The Executive Director, Head of School, or Principal, working in conjunction with Charter Impact, will produce and submit to the charter granting agency any and all required fiscal reports as may be required by state or federal law, or mandated by the terms of the school's charter. These include, but are not limited to, attendance reports, enrollment and other data reports required by the California Basic Education Data System, and other related data.

### **Property and Liability Insurance**

The Executive Director, Head of School, or Principal shall ensure that the school retains appropriate property and liability insurance coverage. Property insurance shall be obtained and address business interruption and casualty needs, including flood, fire, earthquake, and other hazards with replacement cost coverage for all assets listed in the school's Property Inventory and consumables. Premises and Board errors and omissions liability insurance shall also be obtained and kept in force at all times on a "claims made" form with a self-insured retention of no more than \$50,000 per occurrence and limit of no less than \$5 million per occurrence. The school's Executive Director, Head of School, or Principal and other staff who manage funds shall be placed under a fidelity bond.

### **Board Compensation**

Board members shall serve without compensation, but may be reimbursed for actual and necessary expenses. Expenses for travel shall be approved in advance by the board. Travel expenses reimbursed shall not exceed levels that would be subject to federal or state income tax. All expenses reimbursed shall be documented by receipts and in no event may reimbursements exceed actual expenses.

### **Fundraising, Grant Solicitation, and Donation Recognition**

Fundraising or grant solicitation activities over \$100,000 on behalf of the school must be approved in advance by the Board. The Board shall be informed of any conditions, restrictions, or compliance requirements associated with the receipt of such funds, including grants or categorical programs sponsored by the state or federal government.

### **Contracts**



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Consideration will be made of in-house capabilities to accomplish services before contracting for them. Except as otherwise provided in these policies, the Executive Director, Head of School, or Principal may enter into contracts and agreements not to exceed \$20,000 without Board approval, provided funds sufficient for the contract or agreement are authorized and available within the school's board-adopted budget. Contracts and agreements in excess of \$20,000 must be submitted for board approval and may be executed by the Executive Director, Head of School, or Principal or other person specifically designated by the Board after the Board has duly approved the contract or agreement.

Office staff will keep and maintain a contract file evidencing the competitive bids obtained (if any) and the justification of need for any contracts over \$25,000. Competitive bids will be obtained where required by law or otherwise deemed appropriate and in the best interests of the school.

Written contracts clearly defining work to be performed will be maintained for all contract service providers (i.e. consultants, independent contractors, subcontractors). Contract service providers must show proof of being licensed and bonded, if applicable, and of having adequate liability insurance and worker's compensation insurance currently in effect. The Executive Director, Head of School, or Principal may also require that contract service providers list the school as an additional insured.

If the contract service provider is a sole proprietor or a partnership (including LP, and LLP), the Office Manager will obtain a W-9 from the contract service provider prior to submitting any requests for payments to Charter Impact.

The Executive Director, Head of School, or Principal will approve proposed contracts and modifications in writing. Contract service providers will be paid in accordance with approved contracts as work is performed. The Executive Director, Head of School, or Principal will be responsible for ensuring the terms of the contracts are fulfilled. Potential conflicts of interest will be disclosed upfront, and the Executive Director, Head of School, or Principal and/or Member(s) of the Governing Board with the conflict will excuse themselves from discussions and from voting on the contract.

### **Hiring Policy**

Hiring Family Members: Julia Lee Performing Arts Academy is an equal opportunity employer and hires individuals based solely on their qualifications and ability to do the job to be filled.

#### **Procedures:**

1. Julia Lee Performing Arts Academy will consider a member of an employee's immediate family for employment if the applicant possesses all of the qualifications for employment for the position. An immediate family member may not be hired, if the employment would create a direct supervisor/subordinate relationship with a family member. This criteria will also be considered when assigning, transferring or promoting an employee. For purposes of this policy, "immediate family" includes the employee's spouse, brother, sister, mother, father,



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stepmother, stepfather, children, stepchildren, father-in-law, mother-in-law, sister-in-law, brother-in-law, daughter-in-law, son-in-law and any other member of the employee's household.

2. Employees who marry or become members of the same household may continue employment as long as there is not a direct supervisor/subordinate relationship between the employees. Should the above situations occur, Julia Lee Performing Arts Academy will attempt to find a suitable position within the company to which one of the affected employees may transfer. If accommodations of this nature are not feasible, the affected employees will be permitted to determine which of them will resign.

### **PURCHASING AND VENDOR PAYMENT**

#### **Segregation of Duties**

The School will develop and maintain purchase order forms to document the authorization of non-payroll expenditures. All proposed expenditures must be approved by the Executive Director, Head of School, or Principal, who will review the proposed expenditure to determine whether it is consistent with the Board-adopted budget. In the absence of a vendor invoice, the School will develop and maintain a check request form to document the approval of payment for specific items.

All transactions will be posted in an electronic general ledger maintained by Charter Impact.

#### **General Purchasing Procedures**

All purchases over \$20,000 must include documentation of a good faith effort to secure the lowest possible cost for comparable goods or services. The Executive Director, Head of School, or Principal shall not approve purchase orders or check requests lacking such documentation. Documentation shall be attached to all check and purchase order requests showing that at least three vendors were contacted and such documentation shall be maintained for three years.

The Executive Director, Head of School, or Principal may authorize expenditures and may sign related contracts within the approved budget. The Governing Board must review all expenditures. This will be done via approval of a check register which lists all checks written during a set period of time and includes check #, payee, date, and amount. The Governing Board must also approve contracts and non-budgeted expenses over \$50,000.

When approving purchases, the Executive Director, Head of School, or Principal must:

- a. Determine if the expenditure is budgeted
- b. Determine if funds are currently available for expenditures (i.e. cash flow)
- c. Determine if the expenditure is allowable under the appropriate revenue source

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- d. Determine if the expenditure is appropriate and consistent with the vision, approved charter, school policies and procedures, and any related laws or applicable regulations
- e. Determine if the price is competitive and prudent.

Any individual making an authorized purchase on behalf of the school must provide Charter Impact with appropriate documentation of the purchase. Individuals other than those specified above are not authorized to make purchases without pre-approval.

Individuals who use personal funds to make unauthorized purchases will not be reimbursed. Authorized purchases will be promptly reimbursed by a bank check upon receipt of appropriate documentation of the purchase.

#### **Petty Cash**

All Julia Lee Performing Arts Academy have the option of maintaining an onsite petty cash fund. For those who choose to operate one, the Office Manager will manage the petty cash fund, which will be capped at \$500 per school. All petty cash will be kept in a locked petty cash box in a locked drawer or file cabinet. Only the Office Manager and Executive Director, Head of School, or Principal will have keys to the petty cash box and drawer or file cabinet. All disbursements will require documentation of purchase. The following are general petty cash operating procedures:

1. At all times the petty cash box will contain receipts and cash totaling an amount aligned to the petty cash amount set on the balance sheet, not to exceed \$500. The individual using the petty cash to make a purchase is responsible for submitting the receipt for the petty cash slip to the designated administrative staff person within 24 hours of withdrawing the petty cash.
2. When petty cash needs to be replenished, the Office Manager will total the disbursements, complete a Petty Cash Reimbursement Form, and obtain the approval of the Executive Director, Head of School, or Principal. The supporting receipts will be attached to the reimbursement request form and forwarded to Charter Impact.
3. Petty cash fund reimbursement checks will be made payable to the Executive Director, Head of School, or Principal, or administrative designee.
4. Any irregularities in the petty cash fund will be immediately reported in writing to the Executive Director, Head of School, or Principal.

#### **Purchase Orders**

All non-recurring purchases for which the vendor requires the use of a purchase order, which must be approved by the Executive Director, Head of School, or Principal.

1. The Office Manager will create a PO in Excel format and assign PO numbers in sequential order.

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2. The numbered PO is then logged into an Excel sheet which lists all issued PO's.
3. The printed PO is then given to the Executive Director, Head of School, or Principal for approval and signature.
4. The PO is then scanned and emailed to the vendor or copied and mailed. The original (or copy if original was mailed) is then placed in the Open PO folder.

#### **Payment Authorization**

All original invoices will be forwarded to the Executive Director, Head of School, or Principal for approval.

1. The Executive Director, Head of School, or Principal will carefully review each invoice, attach all supporting documentation, and verify that the specified services and/or goods were received. When receiving tangible goods from a vendor, the person designated to receive deliveries should trace the merchandise to the packing list and note any items that were not in the shipment.
2. Once approved by the Executive Director, Head of School, or Principal, he/she will indicate approval manually or electronically on the invoice or in an email or other electronic communication and note the purpose for the specified expenditures. The invoice and supporting documentation will be sent to Charter Impact on at least a weekly basis (Executive Director, Head of School, or Principal should be aware of invoice due dates to avoid late payments). Charter Impact will then process the invoices with sufficient supporting documentation.
3. The Executive Director, Head of School, or Principal may authorize Charter Impact to pay recurring expenses (e.g. utilities) without the Executive Director, Head of School, or Principal's formal approval.

#### **Accounts Payable Checks**

The Governing Board will approve, in advance, the list of authorized signers on the school account. The Executive Director, Head of School, or Principal and any other employee authorized by the Governing Board may sign bank checks within established limitations.

1. Charter Impact does not use pre-printed check stock to avoid the risk of theft.
2. When there is a need to generate a check, the Office Manager will send appropriate approved documentation to Charter Impact. This is usually an approved invoice or Check Request Form.



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3. Once approved by the Executive Director, Head of School, or Principal, Charter Impact prepares the check based on the check authorization prior to obtaining the appropriate signature(s).
4. Checks may not be written to cash, bearer, or petty cash. Under no circumstance will any individual sign a blank check.
5. Charter Impact will record the check transaction(s) into the appropriate checkbook and in the general ledger.
6. Charter Impact will distribute the checks and vouchers as follows:
  - a. Original – mailed or delivered to payee
  - b. Duplicate or voucher – attached to the invoice and filed by vendor name by a Charter Impact accountant.
  - c. Cancelled Checks – maintained with the banking institution.
  - d. Voided checks will be marked as VOID in the online accounting record and the general ledger will be updated accordingly.

#### **Bank Reconciliations**

Bank statements will be received digitally by both the school and Charter Impact. Once the statement is received:

1. Charter Impact will examine all paid checks for date, name, cancellation, and endorsement. Any discrepancies regarding the paid checks or any checks over 90 days will be researched and accounting records will be updated as needed.
2. Charter Impact will prepare the bank reconciliation, verifying the bank statements and facilitating any necessary reconciliation.
3. Charter Impact will compare the reconciled bank balance to the cash in the bank account and to the general ledger, immediately reporting any discrepancies to the Executive Director, Head of School, or Principal.



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## **Fiscal Policies and Procedures**

### **CASH RECEIPT MANAGEMENT**

#### **General Procedures for Non-Governmental Cash Receipts**

For all fundraising activities approved by the board, the School will establish internal controls to ensure the safeguarding of assets. The following are general procedures for recurring activities:

1. For each fundraising or other event in which cash or checks will be collected, office assistant will be responsible for collecting and holding all cash and checks for the purpose of the fundraising activity.
  - a. The office assistant will record each transaction in a receipt book at the time the transaction is made, with a copy of the receipt provided to the donor.
  - b. The cash, checks, receipt book, and deposit summary must be given to the school Office Manager by the end of the next school day, who will immediately put the funds in a secure, locked location.
  - c. The office assistant and office manager will count the deposit and verify the amount of the funds in writing.
2. All checks will be endorsed.
3. A deposit slip will be completed by the Office Manager and initialed by the Executive Director, Head of School, or Principal for approval to deposit. The deposit slip will be duplicated and documentation for all receipts (copy of check, letter, etc.) will be attached to the duplicate deposit slip.
4. Deposits totaling greater than \$2,000 will be deposited the next business day by the designated school employee. Deposits totaling less than \$2,000 will be made at least monthly by the designated school employee. All cash will be immediately put into a lock box.
5. The duplicate deposit slip and deposit receipt will be attached to the deposit documentation and forwarded to Charter Impact to be filed and recorded weekly.

#### **Volunteer Expenses**

All volunteers will submit a purchase requisition form to the Executive Director, Head of School, or Principal for all potential expenses. Only items with prior written authorization from the Executive Director, Head of School, or Principal will be paid/reimbursed.

#### **Returned Check Policy**

Charter Impact will notify the schools of any Non-Sufficient Funds (NSF) checks. The school will follow up with the individual who wrote the check to collect payment.

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### **HUMAN RESOURCES AND PAYROLL**

#### **Payroll Services and Setup**

Charter Impact prepares payroll checks, tax and retirement withholdings, tax statements, and to perform other payroll support functions. The Executive Director, Head of School, or Principal will establish and oversee a system to submit a payroll master file. The Executive Director, Head of School, or Principal will review payroll statements each pay period to ensure that (1) the salaries are consistent with staff contracts and personnel policies and (2) the proper tax, retirement, disability, and other withholdings have been deducted and forwarded to the appropriate authority. All staff expense reimbursements will be on checks separate from payroll checks.

Upon hiring of staff, the Executive Director, Head of School, or Principal will be responsible for the creation of a personnel file with all appropriate payroll-related documentation and completing or providing all of the items on the Employee Payroll Set-up/Change Form. Items include a federal I-9 form, tax withholding forms, retirement date, and an accounting of the use of sick leave.

#### **Timesheets**

All hourly employees will be responsible for completing a timesheet including vacation, sick, and holiday time (if applicable). The employee and the appropriate supervisor will sign the completed timesheet. Incomplete timesheets will be returned to the signatory supervisor and late timesheets will be held until the next pay period. No employee will be paid until a correctly completed timesheet is submitted. If an employee is unexpectedly absent and therefore prevented from working the last day of the pay period or turning in the timesheet (such as an employee calling in sick), the employee is responsible for notifying the signatory supervisor or for making other arrangements for the timesheet to be submitted. However, the employee must still complete and submit the timesheet upon return.

#### **Overtime**

Advanced approval in writing by the authorized supervisor is required for compensatory time and overtime. Overtime only applies to classified employees and is defined as hours worked in excess of eight (8) hours within a day or forty (40) hours within a week. Any hours worked in excess of an employee's regular work schedule must be pre-approved by the supervisor, unless it is prompted by an emergency. No overtime will be paid without the approval of the employee's supervisor. Overtime will not be granted on a routine basis and is only reserved for extraordinary or unforeseen circumstances. If a supervisor identifies a recurring need for overtime in any given position, the supervisor should immediately consult with the Executive Director, Head of School, or Principal for further guidance.

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#### **Payroll Processing**

For hourly employees, employees must sign timesheets to verify appropriate hours worked, resolve absences and compensations, and monitor number of hours worked versus budgeted. The Executive Director, Head of School, or Principal will approve these timesheets. No overtime hours should be listed on timesheets without the supervisor's initials next to the day on which overtime was worked. For salaried employees, employees must sign into a log book to verify working days for accuracy. The Office Manager will provide the designated school employee with any payroll-related information such as sick leave, vacation pay, and/or any other unpaid time.

For substitute teachers, the Office Manager will maintain a log of teacher absences and the respective substitutes that work for them. The Office Manager will verify that the substitutes initial the log next to their names before they leave for the day and that teachers, upon returning back to work, initial next to their names. The Executive Director, Head of School, or Principal will notify Charter Impact of all authorizations for approved stipends.

Payroll is processed within 10 days after the period in which it is earned for hourly employees.

1. The signatory supervisor will submit a Payroll Summary Report of timesheets to Charter Impact for processing.
2. Charter Impact will prepare the payroll worksheet based on the summary report.
3. The payroll checks (if applicable) will be delivered to the school. The Executive Director, Head of School, or Principal will document receipt of the paychecks and review the payroll checks prior to distribution.

#### **Payroll Taxes and Record Keeping**

Charter Impact will prepare payroll check summaries, tax and withholding summaries, and other payroll tracking summaries based on the reporting submitted.

Charter Impact will also prepare the state and federal quarterly and annual payroll tax forms for income tax withholdings, Social Security and Medicare and submit the forms to the respective agencies on behalf of the school. Charter Impact will prepare the quarterly state returns for unemployment and disability, review the forms with the Executive Director, Head of School, or Principal, and submit the forms to the state on behalf of the school.

The designated school employee will maintain written records of all full time employees' use of sick leave, vacation pay, and any other unpaid time.

1. The designated school employee will immediately notify the Executive Director, Head of School, or Principal if an employee exceeds the accrued sick leave or vacation pay, or has any other unpaid absences.
2. Records will be reconciled when requested by the employee. Each employee must maintain personal contemporaneous records.



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#### **Expense Reports**

Employee expenses, once received by the approver will be processed and reimbursed within a month. Receipts or other appropriate documentation will be required for all expenses over five dollars and all reports must be approved by the Executive Director, Head of School, or Principal. Any missing documentation should be explained on a "missing receipt" form and must be approved on a case-by-case basis by the Executive Director, Head of School, or Principal. Expenses should be submitted within two months of occurrence. Exceptions to that timeline require Executive Director approval.

Executive Director, Head of School, or Principal expense reports must be approved by a JLPAA governing board member or Treasurer and always be submitted to Charter Impact for processing and payment. Petty cash may not be used for reimbursements.

#### **Travel**

Employee mileage expense will be reimbursed for activities that were pre-approved by the Executive Director, Head of School, or Principal, or that were otherwise part of employee job requirements. Mileage will be reimbursed at the government-mandated rate for the distance traveled for the mileage traveled less the less typical mileage traveled from the employee's residence to the school site for each direction traveled. Executive Director will obtain approval from a JLPAA governing board member for out of town travel.

The Executive Director, Head of School, or Principal must pre-approve all out of town travel. Employees will be reimbursed for overnight stays at hotels/motels when pre-approved by an administrator and the event is more than 50 miles from either the employee's residence or the school site. Hotel rates should be negotiated at the lowest level possible, including the corporate, nonprofit or government rate if offered, and the lowest rate available. Employees will be reimbursed at the established per diem rate for any breakfast, lunch, or dinner that is not included as part of the related event.

#### **Telephone Usage**

Employees will not make personal long distance calls on the telephones without prior approval from a supervisor



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### **FINANCE AND FINANCIAL REPORTING**

#### **Monthly Reporting**

Charter Impact will submit a monthly financial report including:

- a. Statement of Financial Position
- b. Budget vs. Actual Report
- c. Monthly Forecast
- d. Accounts Payable Aging
- e. Monthly Check Register

The report will be reviewed at the scheduled board meeting and action will be taken, if appropriate.

#### **Third Party Loans**

The Executive Director, Head of School, or Principal and the Board will approve all loans from third parties. Once approved, a promissory note will be prepared and signed by the Executive Director, Head of School, or Principal before funds are borrowed.

#### **Fund Balance Reserve**

Schools will attempt to maintain a cash reserve of at least 3% of annual expenses. Charter Impact will provide the Executive Director, Head of School, or Principal with a Statement of Financial Position on a monthly basis. It is the responsibility of the Executive Director, Head of School, or Principal and the Governing Board to understand the school's cash situation. It is the responsibility of the Executive Director, Head of School, or Principal to prioritize payments as needed. The Executive Director, Head of School, or Principal has responsibility for all operations and activities related to financial management.

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Charter School Name: Julia Lee Performing Arts Academy  
CDS #: 33-10330-0137851  
Charter Approving Entity: Riverside County Office of Education  
County: Riverside  
Charter #: 1988

For information regarding this report, please contact:

For Approving Entity:

Tanya Taylor  
Name  
Executive Director  
Title  
909-714-4112  
Telephone  
JLPPA.Tanya@gmail.com  
E-mail address

For Charter School:

Spencer Styles  
Name  
Charter Impact, Inc.  
Title  
888-474-0322  
Telephone  
sstyles@charterimpact.com  
E-mail address

To the entity that approved the charter school:

2018-19 CHARTER SCHOOL SECOND INTERIM FINANCIAL REPORT:

This report has been approved, and is hereby filed by the charter school pursuant to *Education Code* section 47604.33

Signed: Tanya Taylor  
Charter School Official  
(Original signature required)

Date: 3/15/2019

Printed Name: Tanya Taylor

Title: Executive Director

To the County Superintendent of Schools:

2018-19 CHARTER SCHOOL SECOND INTERIM FINANCIAL REPORT: This report has been reviewed pursuant to *Educ*  
Code section 47604.32, and is hereby filed with the County Superintendent pursuant to *Education Code* section 47604.33

Signed: \_\_\_\_\_  
Authorized Representative of  
Charter Approving Entity  
(Original signature required)

Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

RESOLUTION No. 03-23-2019-02

**RESOLUTION OF THE BOARD OF DIRECTORS**  
**TO APPROVE SECOND INTERIM**

THE BOARD OF DIRECTORS OF JULIA LEE PERFORMING ARTS ACADEMY CHARTER SCHOOL HEREBY FIND, RESOLVE, AND ORDER AS FOLLOWS:

The undersigned, on behalf of Julia Lee Performing Arts Academy, a nonprofit public benefit corporation (the "Company"), operating Julia Lee Performing Arts Academy, a California public charter school (the "School"), hereby certifies that the resolution(s) set forth below were adopted by the Board of Directors (the "Board") of the Company, in accordance with Section 5211(a) of the California Nonprofit Corporation Law and related Article and Section of the Corporation's Bylaws, at a duly noticed meeting held on March 23, 2019 at 9:00 a.m. Pacific Standard Time at 1970 Grand Avenue, Lake Elsinore, CA 92530. A quorum of the Board was present at the meeting.

**WHEREAS**, the Board operates Julia Lee Performing Arts Academy (the "School") a California public charter school located in Lake Elsinore, CA and authorized by the Riverside County Office of Education; and

**WHEREAS**, the Board of Directors has approved the Second Interim report for school year 2018/2019.

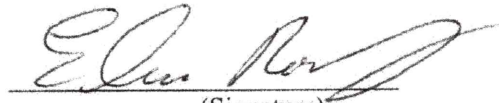
**NOW, THEREFORE, BE IT RESOLVED**, by the Board, as follows:

1. The foregoing recitals are true and correct.
2. That the Charter School Board hereby adopts the foregoing resolution giving permission for staff to submit the Second Interim.
3. That the President of the Board hereby is authorized to certify this resolution.

The undersigned certifies further that the foregoing resolutions have not been modified, amended or rescinded and are in full force and effect as of the date hereof.

JULIA LEE PERFORMING ARTS ACADEMY

By:

  
(Signature)

Title: Board President

Date:

3/23/19



**Clem Payne, Jr.**  
CERTIFIED PUBLIC ACCOUNTANT

March 25, 2019

Tanya Lee-Taylor  
Executive Director  
Julia Lee Performing Arts Academy  
19740 Grand Avenue  
Lake Elsinore, CA 92530

Dear Ms. Lee-Taylor:

I am pleased to confirm my understanding of auditing services I am to provide for Julia Lee Performing Arts Academy for the year ended June 30, 2019.

I will audit the statement of financial position of Julia Lee Performing Arts Academy for the year of June 30, 2019 and related statement of activities, statement of net assets, and statement of cash flows for the years then ended.

**Audit Objective**

The objective of my audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. My audit will be conducted in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits include tests of your accounting records and other procedures I consider necessary to enable me to express such an opinion. If my opinion is other than unqualified, I will discuss the reasons with you in advance. If, for any reason, I am unable to complete the audit or am unable to form or have not formed an opinion, I may decline to express an opinion or to issue a report as a result of this engagement.

**Management Responsibilities**

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. As part of the audit, I will assist with preparation of your financial statements and related notes. You will be required to acknowledge in the representation letter my assistance with preparation of the financial statements and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for helping to ensure that appropriate goals and objectives are met; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to me and for ensuring that management is reliable and financial information is reliable and properly recorded. You are also responsible for providing me with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that I may request for the purpose of the audit, and (3) unrestricted access to persons within the organization from whom I determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to me in the representation letter that the effects of any uncorrected misstatements aggregated by me during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing me about all known or suspected fraud affecting the organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing me of your knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Organization complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy any fraud, violations of contracts or grant agreements, or abuse that I may report. In addition, you are required to disclose in the financial statements the date through which subsequent events have been evaluated and whether that date is the date the financial statements were issued or were available to be issued. You agree that you will not date the subsequent event note earlier than the date of the management representation letter.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include my report on the supplementary information in any document that contains, and indicates that I have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes my report thereon. Your responsibilities include acknowledging to me in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to me any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for me previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to me corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other engagements or studies. The Organization is also responsible for providing management's views on my current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.



With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, management understands that electronic sites are a means to distribute information and, therefore, I am not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

#### **Audit Procedures—General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, my audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Organization or to acts by management or employees acting on behalf of the Organization. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because I will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by me, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. My responsibility, as auditors, is limited to the period covered by my audit and does not extend to any later periods for which I am not engaged as auditors.

My procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. I will also request written representations from the Organization's attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of my audit, I will require certain written representations from you about the financial statements and related matters.

#### **Audit Procedures—Internal Control**

My audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that I consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. My tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in my report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, I will communicate to you and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.



### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I will perform tests of Julia Lee Performing Arts Academy's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of my audit will not be to provide an opinion on overall compliance and I will not express such an opinion in my report on compliance issued pursuant to *Government Auditing Standards*.

### **Engagement Administration, Fees and Other**

My fees for this engagement are not contingent on the results of my services. Rather, my fees for this engagement will be based on estimated hours and my standard hourly rates. In addition, I require reimbursement for any significant out-of-pocket costs incurred by me in connection with the performance of my services. I estimate that my fees for the services will range from \$8,000 to \$9,000.

Further, in the event that I encounter unusual circumstances that would require me to expand the scope of the engagement, and/or if I anticipate my fees exceeding the aforementioned estimation, I will adjust my estimate, and obtain your prior approval before continuing with the engagement.

Prior to commencing my services, **I require that you provide me with a retainer in the amount of \$4,000.** The retainer will be applied against my final invoice, and any unused portion will be returned to you upon my collection of all outstanding fees and costs related to this engagement. Depending on the extent of time required my fees and costs will be periodically, and are payable upon receipt of invoice.

I reserve the right to suspend my services or to withdraw from this engagement in the event that any of my invoices are deemed delinquent. In the event that any collection action is required to collect unpaid balances due me, you agree to reimburse me for my costs of collection, including attorney fees.

If I elect to terminate my services for nonpayment, or for any other reason provided for in this letter, my engagement will be deemed to have been completed upon written notification of termination, even if I have not completed my report. You will be obligated to compensate me for all time expended, and to reimburse me for all of my out-of-pocket costs, through the date of termination.

It is my policy to retain engagement documentation for a period of seven years, after which time I will commence the process of destroying the contents of my engagement files. To the extent I accumulate any of your original records during the engagement, those documents will be returned to you promptly upon completion of the engagement, and you will provide me with a receipt for the return of such records. The balance of my engagement file, other than the compiled financial statement, which I will provide to you at the conclusion of the engagement, is my property, and I will provide copies of such documents at my discretion and if compensated for any time and costs associated with the effort.

In the event I am required to respond to a subpoena, court order or other legal process for the production of documents and/or testimony relative to information I obtained and/or prepared during the course of this engagement, you agree to compensate me at my hourly rates for the time I expend in connection with such response, and to reimburse me for all of my out of pocket costs incurred in that regards.

In the event that I become obligated to pay any judgment or similar award, agree to pay any amount in settlement, and/or incur any costs as a result of any inaccurate or incomplete information that you provide to me during the course of this engagement, you agree to indemnify me, defend me, and hold me harmless as against such obligations, agreements, and/or costs.

You agree that any dispute that may arise regarding the meaning, performance or enforcement of this engagement will, prior to resorting to litigation, be submitted to mediation, and that they will engage in the mediation process in good faith once a written request to mediate has been given by any party to the engagement. Any mediation initiated as a result of this engagement shall be administered within the county of Los Angeles, California, by my company attorney, according to its mediation rules, and any ensuing litigation shall be conducted within said county, according to California law. The results of any such mediation shall be binding only upon agreement of each party to be bound. The costs of any mediation proceeding shall be shared equally by the participating parties.

Any litigation arising out of this engagement, except actions by me to enforce payment of my professional invoices, must be filed within one year from the completion of the engagement, notwithstanding any statutory provision to the contrary. In the event of litigation brought against me, any judgment you obtain shall be limited in amount, and shall not exceed the amount of the fee charged by me, and paid by you, for the services set forth in this engagement letter.

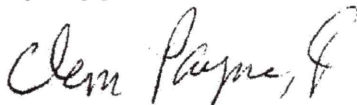
This engagement letter is contractual in nature, and includes all of the relevant terms that will govern the engagement for which it has been prepared. The terms of this letter supersede any prior oral or written representations or commitments by or between the parties. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this letter, signed by all of the parties.

If, after full consideration and consultation with counsel if so desired, you agree that the foregoing terms shall govern this engagement, please sign this letter in the space provided and return the original signed letter to me, keeping a fully-executed copy for your records.

**The estimated start date is June 21, 2019.**

Thank you for your attention to this matter, and please contact me with any questions that you may have.

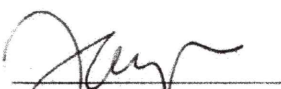
Very truly yours,



Clem Payne, Jr., CPA

**ACCEPTED AND AGREED:**

**Julia Lee Performing Arts Academy Education Charter School**

  
Tanya Lee-Taylor  
Executive Director

3/25/19  
Date



RESOLUTION No. 03-23-2019-03

**RESOLUTION OF THE BOARD OF DIRECTORS**  
**TO APPROVE INDEPENDENT AUDITOR**

THE BOARD OF DIRECTORS OF JULIA LEE PERFORMING ARTS ACADEMY CHARTER SCHOOL HEREBY FIND, RESOLVE, AND ORDER AS FOLLOWS:

The undersigned, on behalf of Julia Lee Performing Arts Academy, a nonprofit public benefit corporation (the "Company"), operating Julia Lee Performing Arts Academy, a California public charter school (the "School"), hereby certifies that the resolution(s) set forth below were adopted by the Board of Directors (the "Board") of the Company, in accordance with Section 5211(a) of the California Nonprofit Corporation Law and related Article and Section of the Corporation's Bylaws, at a duly noticed meeting held on March 23, 2019 at 9:00 a.m. Pacific Standard Time at 1970 Grand Avenue, Lake Elsinore, CA 92530. A quorum of the Board was present at the meeting.

**WHEREAS**, the Board operates Julia Lee Performing Arts Academy (the "School") a California public charter school located in Lake Elsinore, CA and authorized by the Riverside County Office of Education; and

**WHEREAS**, the Board of Directors has approved the Independent Auditor Clem Payne report for school year 2018/2019.

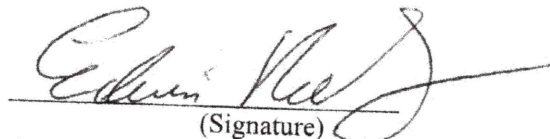
**NOW, THEREFORE, BE IT RESOLVED**, by the Board, as follows:

1. The foregoing recitals are true and correct.
2. That the Charter School Board hereby adopts the foregoing resolution giving permission for staff to hire Clem Payne to conduct the audit.
3. That the President of the Board hereby is authorized to certify this resolution.

The undersigned certifies further that the foregoing resolutions have not been modified, amended or rescinded and are in full force and effect as of the date hereof.

JULIA LEE PERFORMING ARTS ACADEMY

By:

  
(Signature)

Title: Board President

Date:

3/23/19



Riverside County Office of Education

**AGREEMENT FOR AUDIT**

This agreement is made and entered into this 23 day of March, 20 19, by and between the Governing Board of the Julia Lee Performing Arts Academy Charter School, of Riverside County, State of California, hereinafter referred to as the "district," and \_\_\_\_\_, hereinafter referred to as the "auditor."

- \*1. Auditor, not an assignee, beginning September, 20 19, shall audit and report on each of the fiscal years 2018-2019, and \_\_\_\_\_, for the district in accordance with the requirements of Education Code Section 41020, et al., and in compliance with the current edition of *Standards and Procedures for Audits of California K-12 Local Educational Agencies*, as adopted by the Education Audit Appeals Panel, and pursuant to standards and procedures developed in accordance with Chapter 3 of Part 9 of Division 1 of Title 1 of the Education Code.

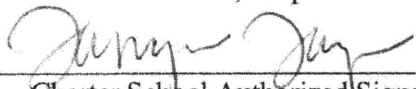
The audit(s) covered by this contract shall be performed in accordance with generally accepted auditing standards as promulgated by the American Institute of Certified Public Accountants (AICPA), government standards for financial and compliance audits as promulgated by the United States General Accounting Office (GAO) in *Standards for Audit of Governmental Organizations, Programs, Activities, and Function*, and standards issued by the California State Controller's Office.

To the extent possible, auditor shall incorporate a detailed description of a correction or plan of correction into the audit report, specifying actions planned to correct the identified audit findings and/or management improvement recommendations.

2. Auditor, auditor's agents and employees, at all times in the performance of obligations under this agreement, shall act as independent contractors and shall not act as, or in any manner, be construed to be agents, officers, or employees of the charter.
3. Auditor shall indemnify, defend, save, and hold the district, its officers, agents, and employees free and harmless of and from any liability, claims, demands, debts, suits, actions, and causes of action of whatsoever kind, nature or sort, arising out of or in any manner connected with the performance of auditor, auditor's agents or employees, or any of auditor's obligations or duties hereunder, and auditor shall assume full responsibility for payments of federal, state, and local taxes or contributions imposed or required under the social security, workers' compensation, and income tax laws concerning auditor, any agent or employee thereof.
- \*4. Auditor shall file 2 copies of the report with the charter, sponsoring district, county superintendent of schools, California Department of Education, and the State Controller no later than December 15 of each year, unless the district and auditor secure an extension from the county office of education in accordance with the provisions of Education Code Section 41020.2.
5. If important or significant irregularities are discovered by auditor, auditor shall immediately report the same to district and shall furnish all relevant information with recommendation as to additional services required.

6. Charter shall pay auditor \$ \_\_\_\_\_ per hour, all expenses and allowances included, and other personnel as follows: \_\_\_\_\_ \$ \_\_\_\_\_ per hour, \_\_\_\_\_ \$ \_\_\_\_\_ per hour, and \_\_\_\_\_ \$ \_\_\_\_\_ per hour, including expenses and allowances, but total payment for the services described in paragraphs 1, 2, and 3 shall not be in excess of \$ \_\_\_\_\_, to be made as follows: (if multiyear contract, list amounts or COLA percent increases for subsequent fiscal year audits)
7. Auditor shall render services additional to those described in paragraphs 1, 2, and 3 at \$ \_\_\_\_\_ per hour, expenses and allowances included, and other personnel as follows: \_\_\_\_\_ \$ \_\_\_\_\_ per hour, \_\_\_\_\_ \$ \_\_\_\_\_ per hour, and \_\_\_\_\_ \$ \_\_\_\_\_ per hour, including expenses and allowances. Said additional services shall be rendered only upon written request from the district at a total cost not in excess of the maximum amount setout in such request. Payment shall be made upon completion of such requested services.
8. Either party may cancel this agreement no later than February 1, 20 \_\_\_\_\_, with respect to fiscal year \_\_\_\_\_, and no later than February 1, 20 \_\_\_\_\_, with respect to fiscal year \_\_\_\_\_.
- \*9. In accordance with Education Code Section 14505(a), the charter shall withhold 10 percent of the audit fee until the State Controller certifies that the audit report conforms to the reporting provisions of the audit guide.
- \*10. In accordance with Education Code Section 14505(b), the district shall withhold 50 percent of the audit fee for any subsequent year of a multi-year contract, if the prior year's audit report was not certified as conforming to reporting provisions of the audit guide. This contract shall be null and void if a firm or individual is declared ineligible pursuant to subdivision (c) of Education Code Section 41020.5. The withheld amount shall not be payable unless payment is ordered by the State Board of Accountancy or the audit report for that subsequent year is certified by the State Controller as conforming to reporting provisions of the audit guide.
- \*11. All audit reports shall be developed and reported using a format established by the State Controller's Office.

IN WITNESS WHEREOF, the parties hereto have executed this agreement on the day and year first above written.



Charter School Authorized Signature

Name and Address of Auditor



Signature of Clerk of Governing Board

Signature of Authorized Agent

3/23/2019

Date

Date

**\*Required components**



Riverside County Office of Education

**NOTICE OF THE GOVERNING BOARD'S INTENTION  
TO PROVIDE FOR AN AUDIT**

This notice certifies that, in accordance with Education Code Section 41020, for the fiscal year ending June 30, 2019, the Governing Board of the Julia Lee Performing Arts Charter School of Riverside County:

(Please mark one statement)

- ☐ Elects to implement the terms of the existing contract with the following audit firm:

The audit fee for 2018-19 is: \_\_\_\_\_  
Partner in charge: \_\_\_\_\_ Reviewing Partner: \_\_\_\_\_  
Audit firm e-mail: \_\_\_\_\_

- ☐ Elects to extend a previous audit contract with the following audit firm:

The audit fee for 2018-19 is: \_\_\_\_\_  
Partner in charge: \_\_\_\_\_ Reviewing Partner: \_\_\_\_\_  
Audit firm e-mail: \_\_\_\_\_

(Please attach a copy of the contract extension and contract modification)

- ☒ Has entered into a new audit contract with the following audit firm:

Clem Payne  
The audit fee for 2018-19 is: 8,000 - 9,000  
Partner in charge: Clem Payne Reviewing Partner: Sayner  
Audit firm e-mail: Clemjrc@gmail.com

(Please attach a copy of the new audit agreement)

The Governing Board recognizes that such a provision shall be made on or before March 31, 2019. In the event the Governing Board has not made the provision by April 1, the county superintendent of schools shall do so by May 1, 2019, as mandated by Education Code Section 41020.

**I certify that our current auditor selection is in accordance with Education Code Section 41020(f)(2).**

Signed:

Tanya Taylor  
Charter School Authorized Signature

3/23/2019  
Date

3/23/2019  
Date of Governing Board Action  
(if new, modified or extended contract)

Tanya Taylor  
Name of Contact Person