



Financial Best Practices

Key Responsibilities

FINANCE TEAM

Bookkeeping & Accounting
Budgeting
Financial Reporting & Forecasting
Payroll
Compliance
Development
Grants Management

OPERATIONS TEAM

Student Records
Student Enrollment & Withdrawal
Food Services
Transportation
Purchasing & Logistics
Facilities
Technology
Database Management
Human Resources
Marketing & Recruiting

INTERNAL CONTROLS:

Are adequate controls in place to prevent errors and fraud?

- Ensure adequate and clear segregation of duties exists between the board, leadership team and finance team
- Establish and follow financial policies & procedures (FPP)
- Regularly educate staff on the FPP manual and revise when needed
- Create “cheat sheet” flowcharts to summarize major processes from the FPP
- Secure financial and human resource records in locked cabinets
- Store credit/debit cards, any funds to be deposited and the stock of blank checks in a locked safe when not in use

RESOURCE MANAGEMENT:

Is there adequate staffing & are the right people in the appropriate positions?

- Create clear job descriptions and periodically review them with staff
- Segregate finance & operations duties and establish professional development plans for each role
- Implement a formal evaluation process for finance & operations staff that incorporates goal setting
- Regularly review staff roles & responsibilities to maintain proper staffing levels
- Train key staff on the expectations of the authorizer, auditor and donors

FINANCIAL MANAGEMENT:

Does everyone understand their role in managing the school's finances?

- Ensure the board and school leaders understand the school's financial responsibilities, revenue streams and timing of payments
- Identify information needs and reporting requirements of the school
- Align the chart of accounts and financial reports with GAAP and provide the level of detail needed to manage the school effectively
- Develop a realist (not hopeful) budget and build in contingencies
- Monitor income/expenses regularly against the budget and include projections through the end of the fiscal year
- Implement the CSBM Binder System for financial documentation management

FINANCIAL REPORTING:

Do leaders have accurate financial information to manage the school?

- Establish a monthly close schedule as well as reporting deadlines
- Incorporate reconciliation processes into the monthly close for bank accounts, credit cards, payroll, revenue, etc.
- Create useful financial reports on a monthly basis including:
 - Budget vs. Actuals with forecasts for the remainder of the fiscal year
 - Cash Projections to identify potential cash shortages by month
 - Balance Sheet, Statement of Cash Flows and Grant Reports
- Professionally develop staff and the board to read and interpret financial reports
- Engage audit firm by April

RISK MANAGEMENT & LEGAL:

Have leaders done everything possible to protect the school?

- Maintain adequate insurance levels for the school
- Review and update the HR manual as needed
- Limit access to and use of credit and debit cards; if debit cards are used, establish a separate account to limit risk
- Avoid using petty cash, if possible
- Maintain an attorney on the Board of Trustees (not to replace outside legal representation)
- Obtain a pro bono attorney as a cost-effective way to get legal help for your school
- Have the school's attorney review all hire/employment agreements
- Create a list of all risks and a plan to mitigate each

TIP: Schools should conduct a Finance & Operations Assessment periodically to ensure that the accounting and financial operations, including staffing, accounting processes, procedures, internal controls, and financial reporting are working effectively.

Any score above **48** is doing well, anything below may mean that your department requires improvement.

START WITH THIS MINI ASSESSMENT

There is paper everywhere in our finance office. We feel uncomfortable when seeing it.	1 2 3 4 5 6 7 8 9 10	Our financial back-up documentation is very neat and orderly. Items can be retrieved within seconds.
We don't understand revenue sources and related cash flows. We don't track student enrollment closely.	1 2 3 4 5 6 7 8 9 10	We fully understand our sources of revenues and related cash flows. We track student enrollment very closely.
Our annual & multi-year budgets do not provide as helpful information as we would like.	1 2 3 4 5 6 7 8 9 10	Our annual & multi-year budgets are effective guides and are prioritized to leverage our program and impact on our students.
Audited financial statements and management letters contain several recommendations, which are very concerning.	1 2 3 4 5 6 7 8 9 10	Audited financial statements and management letters contain few recommendations, which make us feel proud of our finance department.
The finance department appears overwhelmed and needs help.	1 2 3 4 5 6 7 8 9 10	The finance department is simply "on it." We can fully focus on academics.
We are unclear about academic and financial requirements for the charter renewal process.	1 2 3 4 5 6 7 8 9 10	We have built evidence toward charter renewal throughout our charter term.