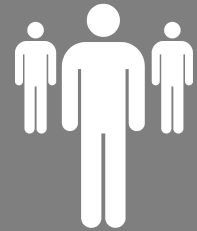


# Financial Best Practices



## Internal Controls: *Are there controls in place to adequately prevent errors and fraud?*

- Make certain there is an adequate segregation of duties among staff and outsourced consultants
- Establish and follow operational and financial policies & procedures
- Regularly educate staff on the Financial Policies & Procedures Manual and revise when needed
- Create flowcharts or “cheat sheets” to summarize major processes from the FPPM
- Secure financial and human resource records in locked cabinets
- Maintain a safe for credit/debit cards and funds to be deposited



## Resources: *Is there adequate staffing & are the right people in the right positions?*

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

## Financial Management: *Do we truly understand our role in managing the school’s finances?*



- Take time to truly understand the school’s financial responsibilities – revenue streams, timing of payments, etc.
- Identify information needs of the school
- Make certain the school’s Chart of Accounts and financial reports align with GAAP and provides the level of detail needed to manage the school
- Develop realistic (not hopeful) budgets with contingencies built in
- Monitor income/expenses regularly against the budget and include projections through the end of the fiscal year
- Implement CSBM Binder system to file financial documentation

## Financial Reporting: *Do we have the accurate financial information needed to manage our school?*

- Establish a monthly close schedule as well as reporting deadlines
- Incorporate reconciliation processes into the monthly close (bank accounts, credit cards, payroll, revenue, etc.)
- Create useful financial reports on a monthly basis
  - Budget vs. Actuals with projections for remainder of the year (forecast)
  - Balance Sheet & Cash Projection (month by month to identify and cash shortages)
  - Statement of Cash Flows & Grant reports
- Professionally develop staff and board on reading and interpreting the financial reports
- Select audit firm early in the audit process



## Risk Management & Legal



- Maintain proper/adequate insurance
- Review and update HR manual as needed
- Credit & Debit cards – limit access and use if you do use a debit card establish a separate account to limit risk
- Petty Cash – Avoid if possible!
- Have an attorney on your Board of Trustees (although you will still need legal representation)
- A pro-bono attorney is a cost-effective way to get legal help for your school
- Have all hire/employment agreements reviewed by the school’s attorney
- Create binders of attendance records as these are legal documents

**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.

### Start with this Mini Assessment

There is paper everywhere in our finance department’s office. I feel uncomfortable when I see 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 our sources of revenues 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 well-informed guides and are prioritized to leverage our program and impact on our students.
Audited financial statements and management letters contain several recommendations, which make me very nervous.	1	2	3	4	5	6	7	8	9	10	Audited financial statements and management letters contain few recommendations, which make me feel proud of my 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.” I 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 been building evidence towards charter renewal throughout our charter term.

Any score above 48 is doing well. Anything below may mean that your departments could benefit from an assessment of your financial operations which focuses on staffing, workflow, roles & responsibilities and financial policies & procedures.